edc today

SPRING 1993

Piecing together market opportunities in Europe

Bankruptcies up in Japan

Honing the export edge

1992 Annual Report: Exploring global markets

EDC
SEE

Amending the *Export Development Act:* a mandate for success

We are living in an era of change, for financial institutions as much as for their clients. EDC recognizes that if Canadian businesses are to maintain long-term international competitiveness, EDC must be able to provide a wider range of risk management services and broader access to financing.

International commerce is much different today than it was in 1969, the year that EDC's governing legislation, the *Export Development Act,* was passed. Privatization, deregulation and the emergence of market economies throughout the world are leading to greater private sector involvement in major international projects.

Private sector risk financing and private sector project financing are therefore of growing importance to Canadian businesses and EDC. The dramatic changes associated with globalization have resulted in a critical re-examination of the Act.

The Act currently prescribes, in detail, what, when, where and how the Corporation can assist Canadian companies. Too often, transactions must be structured so as to qualify for EDC support, rather than EDC structuring our support to fit companies' needs. This results in costly delays that hamper the efforts of all businesses.

EDC requires legislation that is enabling rather than prescriptive. The Corporation must be in a position to determine whether it should support a given transaction based on its merits, rather than on technicalities.

EDC customers have been the driving force behind the decision to modernize the *Export Development Act.* Extensive customer consultations told us that Canadian companies want EDC to be able to respond to their financing and risk management requirements with a broader set of products — and to respond more quickly and with greater flexibility. Canadian businesses are facing competition from foreign companies, whose own export credit agencies can offer much broader assistance than that provided by EDC.

Flexible approach

The proposed amendments to the Act are designed to provide EDC with a more flexible approach to supporting business transactions. The products and services the Corporation has offered in the past will continue to form the cornerstone of our operations. The amendments now being considered by Parliament will enable EDC to offer new financing and insurance arrangements necessary for the new realities of the highly competitive and constantly changing international marketplace.

For example, to better serve Canadian businesses, the new legislation will enable EDC to:

- **enhance its pre-export financing support:** EDC will be able to make loans directly to Canadian companies, or guarantee loans from their bankers, to support some of the upfront costs involved in a long-term export project; and
- **enhance its ability to provide project financing:** EDC will be able to take an equity interest in other companies, in certain circumstances, which would enable it to provide equity for projects. By having the capacity to take a minority equity position, EDC may bring credibility to such projects that would attract and leverage complementary sources of financing, namely from Canadian banks and institutional lenders.

To expand EDC's leasing support, the Corporation will be able to invest in companies that arrange leases of capital equipment, or will be able to acquire and lease goods directly.

With the revised Act, EDC will be able to offer its exporting customers domestic insurance. Domestic receivables insurance has been part of the European business tradition, but only about three percent of the Canadian domestic receivables market of more than $100 billion is currently insured. Canadian companies will have the option of purchasing both their domestic and foreign receivables insurance from one source, reducing the administrative costs associated with managing two policies and enhancing their operating lines of credit.

Other changes in the legislation include the simplification of the Canada Account approval process. This will allow EDC to provide better service to customers under our programs directly supported by the Government of Canada, and will allow EDC to obtain an increase in its borrowing limits.

Some of the new products and services will be subject to government regulation, and as such may not be available at the time the legislation is passed by Parliament. EDC will, however, continue to work closely with Canadian companies to ensure that new products and services are designed to meet their needs.

Our new legislation will put EDC in a better position to offer Canadian firms the full range of insurance and financing services they need — not only to enter the international marketplace, but to succeed in it.

Paul Labbé
President and Chief Executive Officer

Legislation update

Bill C-118, an *Act to amend the Export Development Act,* received first reading in the House of Commons on March 18 and second reading on March 25. All three political parties spoke in favour of the legislation, citing the benefits to Canadian businesses, as well as the overall benefits that will accrue to the Canadian economy once the amendments are adopted.

Following Parliamentary process, the Bill was referred to a House of Commons Committee. During the Committee hearings, scheduled to start in late April, EDC representatives and other interested parties were to have an opportunity to comment on the legislation. Once the Committee reports its conclusions back to the House, a similar process will be followed in the Senate before the Bill can become law. It is hoped that the Bill will be passed before the end of the current session of Parliament.

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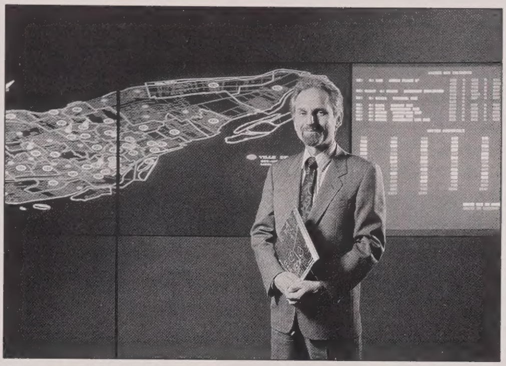

11 M3i Systems: A voluminous vision.

13 KAO's computer diskettes assist businesses throughout Eastern Europe.

19 Bombardier Inc. soars with Regional Jet sales.

An invitation...

to come and celebrate the Canadian Exporters' Association's 50th Anniversary at its Annual Convention for Exporters on October 3-5 at Hotel Vancouver. The theme of this year's Convention is "Winning Markets in the Global Village." This major event is expected to attract more than 600 delegates from across the country.

The CEA's Annual Convention offers a unique opportunity to learn and network for exporters of goods and services, for firms providing services to exporters, and for financial institutions and senior government officials. Business sessions will focus on topical issues such as "Surviving and Thriving Globally," "Educating for Exports," "NAFTA and the Latin American Market," "The Tigers and Beyond," as well as a panel reviewing the implications for Canada of the trend toward major new trade blocs. Also featured will be the Presentation of the Canada Export Awards by External Affairs and International Trade Canada.

For more information on this very special event, contact Louise Cecire, Canadian Exporters' Association, 99 Bank Street, Suite 250, Ottawa, Ontario K1P 6B9, tel: (613) 238-8888, ext. 225 or fax: (613) 563-9218.

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New programs encourage exports to Mexico

Canada's growing trade with Mexico will be enhanced under two recent initiatives announced in Mexico by EDC President and CEO, Paul Labbé.

The first initiative is aimed at improving the efficiency and competitiveness of EDC's 11 confirmed lines of credit. This initiative, called a "bundling" program, improves the accessibility to the lines of credit, introduces longer repayment terms for very small transactions, shifts the exposure fee from the exporter to the borrower (see article below), and shortens the turnaround time for processing funds.

"Under the new bundling program, disbursements for all allocations under each line of credit will be bundled together every six months, allowing a common repayment term to be applied to the new bundled total," said Labbé. "This program will allow us to build a framework for even more trade development in the future."

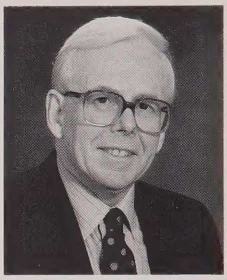
EDC's confirmed lines of credit in Mexico, established with commercial banks, state banks and state-owned enterprises, are valued at approximately US$240 million. Business volumes under these lines of credit have increased at an average rate of 44 percent each year since 1986, and this trend is expected to continue.

The second initiative is a Reinsurance Agreement with Banco Nacional de Comercio Exterior, S.N.C. (BANCOMEXT), Mexico's official export credit agency. The agreement will allow either EDC or BANCOMEXT to reinsure a portion of the risks assumed by the other agency under a contract of insurance on export sales to a third country.

This agreement will benefit both Canadian and Mexican exporters in two ways: by encouraging joint Mexican-Canadian projects in third countries that capitalize on strengths in both countries; and by allowing EDC and BANCOMEXT to insure export transactions that exceed their usual foreign content limits, and so would not normally be eligible for insurance.

EDC and BANCOMEXT sign the Reinsurance Agreement — one of two initiatives that will enhance Canada's growing trade with Mexico. (Seated from left) Dr. Luis Alberto Perez Aceves, BANCOMEXT's Deputy Chief Executive Officer; Paul Labbé, EDC President and CEO; José Angel Gurria T., BANCOMEXT President; and David Winfield, Canadian Ambassador to Mexico. (Standing) Javier Lozano Dubernard, BANCOMEXT's Manager, Guarantees and Credit Reinsurance; and Carolina Bravo, BANCOMEXT's Senior Vice President of International Banking.

CEA names new president



Mark Drake

With more than 30 years' experience in export-related fields, the business of exporting is well known to Mark Drake, recently named President of the Canadian Exporters' Association (CEA).

For 10 of those years, Drake has been the President and CEO of Electrovert, a high-technology manufacturing firm based in La Prairie, Quebec that exports 95 percent of its products. He also spent 20 years in the management of export-related businesses.

To his new position, Drake brings broad global experience gained through extensive international travel. In addition, he has personal knowledge of European and Asian markets, having lived for several years in India, Singapore and Belgium. Educated at Oxford University, Drake is fluent in French and German, and has a good knowledge of Italian.

Drake has been active with the CEA for many years, and recently served a four-year term as Director.

Exposure fees simplified for Mexico and Argentina

Your company has made its first sale to a firm based in Mexico. You have the purchase order in hand, when the company tells you they need financing. Fortunately, their bank tells them they qualify for financing under the bank's line of credit with EDC.

You tell the importer about EDC's exposure fee (a fee is levied on exporters and/or suppliers to compensate EDC for assuming non-payment risks during the disbursement and repayment periods).

They're more than prepared to cover the fee, but they'd like it financed as well. Again, no problem from EDC's point of view; but you and the importer then need to amend the purchase order to reflect the exposure fee as an add-on, so that EDC can finance it.

EDC has identified this contract or purchase order amendment as something that should be eliminated for the small, straightforward export transactions EDC supports under its 11 confirmed lines of credit with Mexico.

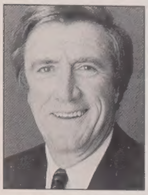
From now on, for any export transaction valued at US$5 million or less that is financed under any one of EDC's confirmed lines of credit in Mexico — and two new lines now in place in Argentina — there is no need for that additional step.

Instead, under new line of credit arrangements, the banks and agencies in those two countries have agreed to pay EDC its exposure fee directly, rather than paying it indirectly through the commercial contract or purchase order. The fee can still be financed by EDC, at the buyer/borrower's request.

What does this mean for exporters to Mexico and Argentina? It means they no longer need to concern themselves with exposure fees when their sale (valued at US$5 million or less) is being financed under an EDC confirmed line of credit.

In all other cases, exporters should continue to confer with EDC early on in their commercial negotiation process for an exposure fee quotation. EDC is also looking at the possibility of making similar process improvements under its other confirmed lines of credit, whenever feasible.

EDC welcomes new board members



Brian Gallery

Brian O'N. Gallery was appointed by the Minister for International Trade to EDC's Board of Directors effective March 25, 1993, for a three-year term.

Mr. Gallery, who graduated from Loyola College in 1957 with a Bachelor of Arts degree, is publisher, editor and owner of *Canadian Sailings,* a weekly, international marine publication.

In 1983, Mr. Gallery was awarded the Medal of Merit by the Canadian Port and Harbour Association, for his contribution of more than 25 years to the shipping/marine industry in Canada. He is the recent recipient of the Commemorative Medal for the 125th Anniversary of Confederation.

Mr. Gallery was Mayor of the City of Westmount from 1983 to 1987 and Acting Chairman and Director of Canadian National from 1987 to 1989. He was elected Vice-Chairman of Canadian National from 1989 to 1990. He is also a Director of St. Mary's Hospital Foundation.

Allen Kilpatrick

Allen Kilpatrick was also appointed to EDC's Board of Directors effective March 25, 1993. Mr. Kilpatrick is Deputy Minister for International Trade and Associate Under-Secretary of State for External Affairs.

A native of Saskatchewan, Mr. Kilpatrick graduated from the University of Saskatchewan with a Bachelor of Education degree. He currently resides in Ottawa, where his high-profile career with the Government of Canada has spanned more than two decades.

Mr. Kilpatrick's previously held positions include Deputy Minister, Department of Western Economic Diversification; Canadian High Commissioner to Australia; and Commissioner for Canada in Hong Kong. He also served as Assistant Deputy Minister in both the International Trade Development and Asia Pacific Branches of the Department of External Affairs.

V.P. appointments

Paul Labbé, President and Chief Executive Officer of EDC, is pleased to announce five senior executive-level appointments:

Don Curtis, Vice-President, Operations;

Peter Foran, Vice-President, Regions and Marketing;

John Gagan, Vice-President and Controller;

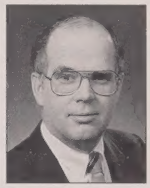
Glen Hammond, Vice-President, Western Region, located in Vancouver; and

Mike McLean, Vice-President, Strategic Planning and Corporate Affairs.

Don Curtis

Peter Foran

John Gagan



Glen Hammond

Mike McLean

Did you know?

• The New Exporters to Border States (NEBS) program is a crash course on exporting for small- and medium-sized businesses. The program highlights the essentials of exporting to the United States, providing first-hand exposure to a nearby marketplace in a U.S. border state.

A number of NEBS seminars will take place throughout the year. For more information, contact your local International Trade Centre (ITC). ITCs are located with Industry, Science and Technology Canada.

(Reprinted in part from *CanadExport*)

• *Exporting for Competitiveness — Ten Steps for Small Business,* is a newly published report targeting small- and medium-sized enterprises.

Brimming with practical information on exporting, the workbook is designed to help the non-exporting small-business person assess export opportunities realistically. The workbook also helps guide those who have decided to export, through the challenges of the process. For more information, contact the Business Service Centre at (416) 973-ISTC or Fax: (416) 954-1385 for a copy of the workbook.

Ankara project signing

EDC provides support for SNC-Lavalin Inc. and Bombardier Inc. in the construction of a heavy rail rapid transit system in Ankara, Turkey. (From left) F. Baran, Turkish Embassy in London; E. Ersu, GAMA; D. Ozkaban, Turkish Embassy; Yousef Okcuoglu and Cihan Altinoz, Municipality of Greater Ankara; Bulent Payaslioglu, Republic of Turkey; Mel Massey and Henri Souquières, EDC; Carl Kovach, Bombardier; Caroline Dabrus, EDC; Richard Massé, SNC-Lavalin; Richard Wade, Bankers Trust Co.; Robert Merner, Canadian High Commission in London; and Mehmet-Ali Saglam, Republic of Turkey.

Export success for Canadian companies

Let's talk Turkey

General Electric's Peterborough, Ontario plant received a boost recently with a contract from a Turkish company for DC electric motors to be used in a hot strip mill. Based in Mississauga, Ontario, GE is a recognized world leader in consumer and commercial electrical products and a world-class exporter. This sale was financed with a loan of US$7.9 million from EDC.

Do the locomotion

Thanks to a Canadian company, the rail lines in the African country of Zambia will soon be humming with locomotives. The **Diesel Division of General Motors of Canada Limited** recently concluded a sale to Zambia Railways Limited for 15 diesel electric locomotives that will be used to haul copper. Diesel Division is an experienced manufacturer and exporter of locomotives to markets around the globe. In a unique partnership, EDC and Meridien International Bank Limited of Nassau, Bahamas will jointly support the transaction. EDC will provide financing of US$11.2 million.

Sky high

Air travel has become so common that we rarely think about the technology behind the comfortable seats and flight crew cockpit. But a Canadian company is helping pilots keep up-to-date with the sophisticated technology that takes the planes around the world. **CAE Electronics,** the world's leading manufacturer of flight simulators, recently sold a Boeing 747-400 flight simulator to Air India. CAE, located in Saint-Laurent, Quebec, designs, develops and manufactures a full range of flight simulators, flight training devices, classroom trainers and visual systems. The sale to Air India, India's only international carrier, was financed by a loan from EDC for US$8.67 million.

We recycle

With the environmental sector becoming increasingly important, more Canadian companies are finding markets for their environmental expertise around the world. **CDN Soil Recycling International Inc.** of Vancouver recently sold an asphalt recycling system manufactured by Arctec Equipment Co. Ltd. of Delta, B.C., and related road management software, to a Mexican recycling company. EDC provided financing of US$1.9 million under a line of credit established with a government-owned development bank in Mexico.

Start me up

Alberta's oil patch is home to some of Canada's most aggressive exporters. One of the growing number of success stories located in that province is **Mactronic Ltd.** of Red Deer. Mactronic, which manufactures flare stack equipment used primarily in the oil and gas industry, sold an electronic Mac Ignitor ignition system to Petróleos Mexicanos (PEMEX), the state-owned oil company. EDC financing of US$115,511 was made in the form of an allocation under the line of credit established with PEMEX.

EDC Press Box – Spring 1993

Source: EDC Communiqués

Exporter	Buyer	Product	Amount
Build-A-Mold Ltd., Windsor	Ayareb, S.A. de C.V., Mexico	Various automotive molds	US$1,575M
CDN Soil Recycling International Inc., Vancouver	Recicladora Mexicana de Vias Terrestres, S.A. de C.V., Mexico	Asphalt recycling system and related road management software	US$1,953M
CAE Electronics, St-Laurent	Air India	Flight Simulator for Boeing 747	US$8.6M
CIC Canadian Industrial Consortium Inc., Kirkland	China National Technical Import and Export Corporation	Pulp mill equipment and related services	Cdn$32.4M
Com Dev Limited, Cambridge	Orion Network Systems Inc./Chase Manhattan Bank's, United Kingdom	Satellite subsystems and consulting services	US$15M
General Electric Canada Inc., Mississauga	Eregli Demir Ve Velik Fabrikalari TAS (Erdemir), Turkey	DC electric motors	US$7.9M
General Motors of Canada Limited (Diesel Division), London	Meridien International Bank Limited (MIBL), Zambia	GT-36 CU-MP diesel electric locomotives, spare parts and tools	US$11.2M
Harris Farinon Canada, Inc., Dorval	China National Instruments Import and Export Corporation	Sale of digital telecommunications equipment and related services	US$7.8M
Hymac Ltd., Laval	China National Machinery Import and Export Corporation	TPD thermomechanical pulp mill	US$5.4M
Mactronic Ltd., Red Deer	PEMEX, Mexico	Electronic automatic ignition system	US$115,511
Northern Telecom Canada Limited, Mississauga	China National Machinery Import and Export Corporation	Digital switching systems	US$35M
Sterling Pulp Chemicals, Ltd., Islington	China National Overseas Trading Corporation	Equipment and related services for a sodium chlorate crystal plant	US$4.98M
Telesat Canada, Gloucester	Orion Network Systems Inc./Chase Manhattan Bank's, United Kingdom	Satellite subsystems and consulting services	US$15M

Corporate Japan becoming more vulnerable to bankruptcy

Corporate bankruptcies in Japan are on the rise. In 1992, corporate bankruptcies grew 32 percent over the previous year — the fastest increase since these statistics were first collected in 1965.

Several factors point to the prospect for another rise in 1993: the outlook for a further slowing in the country's economic activity in the first half of 1993, to be followed by a sluggish recovery in the second half; the continuing rise in the suspension of business transactions with banks; and the traditional six-month lag in bankruptcies with business cycles.

Bubble economy bursts

Recent experience and the short-term outlook suggest that Japanese companies have become more vulnerable to bankruptcy. The bursting of Japan's "bubble" economy after the Bank of Japan's tightening of monetary policy in early 1990 resulted in a sharp slowing in business investment and in consumer demand.

The coincident collapse in prices of stocks and property resulted in a dramatic increase in real estate-related bankruptcies. Commercial banks, faced with mounting non-performing assets and an erosion in their capital base, have become risk-averse in their lending policies.

In addition to facing a credit crunch, corporate Japan has been hard hit with high capital costs, asset deflation and slumping profits over the last three years. Corporate operating profits have declined by 31 percent from their peak between the first quarter of 1991 and the third quarter of 1992. The Japanese government, concerned about the unique features of the current recession, launched a comprehensive US$87 billion package in August 1992. However, given the expected delays in implementing the package, the consensus forecast is for a historically modest growth of 2.3 percent in 1993, compared with an estimated 1.9 percent in 1992.

Deteriorating market conditions

Chart 1 shows that corporate bankruptcies increased in all sectors in 1992, with the sharpest rises occurring in the transportation, services and manufacturing sectors.

Bankruptcies for the wholesale and retail sectors accounted for 44 percent of the total. The increase in failures in these sectors reflects deteriorating consumer demand and changing retail patterns.

In the retail industry, the growing number of larger stores, the rise of discount outlets and the decline of traditional department stores over the last three years are putting heavy financial stress on the traditional Japanese "corner store."

Bankruptcies in construction, including the troubled real estate sector, account for 22 percent of the total. Although real estate companies make up only eight percent of total bankruptcies, they account for more than 35 percent of total liabilities. Notwithstanding, the average level of overall liabilities in 1991 and 1992 is more than four times that of the previous four years (See Chart 2).

Causes of bankruptcies

The Teikoku Data Bank, the source of Japanese bankruptcy data, indicated that 48 percent of bankruptcies in 1992 came as a result of the recession, up 10 percent from the previous year. Although fewer insolvencies are blaming asset inflation for their troubles, the toll of the depressed real estate market can still be seen in the size of bankruptcies.

Data from the Bank of Japan on companies with which banks have suspended transactions (a leading indicator of actual failures) suggests that business failures will increase further in 1993. The rise in bankruptcies will be attributable to market-related factors, including stagnant sales and an over-investment in inventories and plant equipment. On the other hand, a moderation is expected in the proportion of cases attributed to other causes, including financial and production cost-related factors.

Chart 1

Corporate bankruptcies in Japan (in thousands)

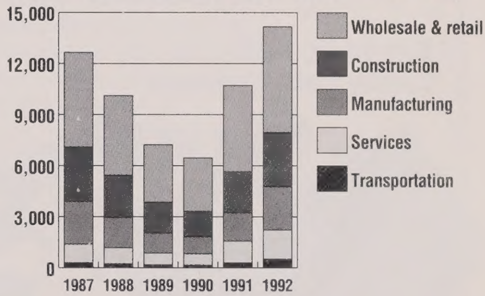
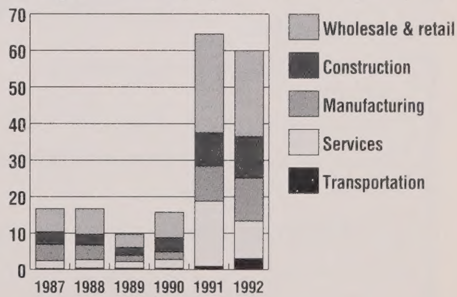


Chart 2

Corporate bankruptcy liabilities in Japan (U.S.$Bn.)



Future action

In contrast to the high growth period of the late 1980s, Japanese corporations are restructuring, cutting costs and withdrawing from unprofitable markets in the face of a changing domestic market and excess production capacity. There is speculation that consolidation — in terms of both merger activity and business failures — may occur in such industries as electronics, securities, banking and some smokestack industries. The weakened underpinnings of the corporate outlook have heightened the focus on the rise of commercial risk conditions in Japan.

Gerry O'Brien, Economist

Good news – bad news

Are things getting better and worse at the same time for creditors? Well, yes and no.

The good news/bad news story became all too familiar in the 1980s. As the debt crisis unfolded, the good news for long-suffering creditors was that there was a plan for the financial recovery of country X. The bad news was that debt rescheduling was essential to the plan.

The good news for exporters was that export credit agencies like EDC stayed open for many countries with serious debt problems. The bad news was that medium- and long-term export business faded to a shadow in too many good markets for years as these markets curbed demand to conserve foreign exchange — and export business has only partially recovered in these markets.

And in the 1990s? The good news is that the Communist bloc and the cold war have passed into history, and that new political democracies and market economies are emerging. The bad news is that the transition is so deeply disruptive that many good markets have become largely uncreditworthy for who knows how long, even for short-term business.

The former U.S.S.R. has turned into 18 uncreditworthy countries. The breakup of the former Yugoslavia is creating several more countries. The Czechs and Slovaks have gone their separate ways with mixed results. Who will be next?

The good news is that, as soon as there is a glimmer of improved creditworthiness for short- or long-term business in any country, EDC resumes cover or reduces restrictions or lowers the price or something.

It's not much fun for those of us who have to explain to frustrated and sometimes skeptical customers why country X, Y or Z presents credit risks that no financial institution can accept if it wishes to remain solvent.

But does business not go on in country X? Is there not trade with country Y? Are they not investing in country Z? Yes, of course. Money changes hands and shipments take place in the worst of circumstances. But then always on secure terms of some sort. Anyone would insure your shipment of bow ties to penguins in Antarctica if payment were a sure thing.

The good news is that, as soon as there is a glimmer of improved creditworthiness for short- or long-term business in any country, EDC resumes cover or reduces restrictions or lowers the price or something.

We constantly monitor political, economic and commercial conditions — not merely to detect risk, but also to discover market opportunity. We look at all the risks (short-term credit, long-term lending, surety, foreign investment, political and commercial risks) from every angle.

The pressure to do business is at least as strong as the need to remain solvent. Thought you should know.

Peter Bailey
Assistant Chief Economist

Early action avoids disaster

A single case of non-payment by a major client can spell potential disaster for any company, large or small. EDC, as your export partner, can often help you avoid losses by intervening as soon as it becomes apparent that a problem exists.

A Montreal-based company, **F.G. Commodity Electronics Inc.,** recently faced a potential financial loss involving the sale of integrated circuit boards to a buyer based in Germany. A misunderstanding on the currency of payment resulted in the buyer interpreting the invoiced amount as being in Canadian, rather than U,S., dollars.

After several fruitless discussions to try to convince the buyer to pay in U.S. funds, EDC was called upon to intervene. While the buyer refused to consider paying in U.S. dollars, he did agree to return the goods — a solution acceptable to F.G. Commodity.

Early intervention on the part of EDC also assisted a large Toronto-based exporter of fresh and frozen produce in two recent cases of clients refusing to accept goods once they had been shipped.

In one case, the Mexican government imposed tariffs on imports of fresh beef from various countries, including Canada. The tariffs were imposed after the Toronto-based exporter had entered into a contract with a Mexican buyer and the goods were en route. Not wishing to pay the tariffs, the buyer refused to accept the $132,000 of fresh beef he had ordered.

In another case, the buyer — a well-established firm in France — refused to pick up from the air freight warehouse the frozen produce the Toronto exporter had shipped to him. The buyer had apparently over-anticipated market demand and had ordered too much produce.

In both cases, the exporter contacted EDC as soon as he became aware of a problem.

By working with the exporter, EDC was able to divert the shipments to alternative buyers. EDC reviewed and approved the credit insurance on the buyers and paid claims on the differences between the original prices and the prices obtained from the salvage sales (plus additional costs associated with the onward shipping of the goods).

These cases demonstrate that, when EDC is involved as soon as possible, we can often help reduce losses to your time, cash flow and operations. Contact EDC as soon as you believe a problem might exist — our people are here to help you.

Dan Ross
Claims Officer

Why buyers can't pay

The officers in EDC's Claims and Recoveries Division are often in direct contact with buyers around the world on pre- and post-claim recovery efforts. Generally speaking, they find most buyers to be straightforward and honest business people who do wish to pay off their debts; however, financial or political circumstances sometimes prohibit buyers from doing so at a particular time.

Although many of these circumstances are serious and some even tragic, others have a somewhat lighter side.

Take the case of the allegedly poor Costa Rican farmer who reported that his 25-year-old donkey had suddenly dropped dead. He told EDC he was no longer able to ride down the narrow winding paths from his isolated mountain ranch to bring the payments to the bank. With a bit of research, EDC discovered that the farmer was, in reality, quite wealthy and even owned his own plane. EDC did recover on this debt!

CLAIMS PAID – January 1 to December 31, 1992

Companies	Claims	Cdn Total
181	367	$18,785,016.41

Export Markets	
Africa	5
Asia and Middle East	5
Caribbean and Latin America	13
Europe	41
U.S.A.	303

Risks	
Default	244
Insolvency	105
Call of Bond	6
Repudiation	10
War Risk	2

Payments	
Under $5,000	184
Between $5,000 and $100,000	154
Between $100,000 and $1 million	25
Over $1 million	4

CLAIMS PAID – January 1 to February 28, 1993

Companies	Claims	Cdn Total
47	61	$3,324,399

Export Markets	
Asia and Middle East	1
Africa	0
Caribbean and Latin America	5
Europe	2
U.S.A.	53

Risks	
Default	44
Insolvency	14
Call of Bond	1
Repudiation	1
War Risk	1

Payments	
Under $5,000	23
Between $5,000 and $100,000	35
Between $100,000 and $1 million	2
Over $1 million	1

Honing the export edge

Chocolate, components and computer software — these are some of the things export sales are made of when they originate from Quebec and the Atlantic provinces.

Canada's export performance in 1992 increased by 11 percent — the strongest show in recent years. According to Statistics Canada, Quebec's export performance was also stronger last year than it had been in the previous two years, totalling $25.6 billion. About one-third of that amount came from the sale of wood and wood products, aluminum, and capital goods such as electrical machinery, telecommunications, aircraft, computers and automobiles.

Exports from the four Atlantic provinces together accounted for another $6.7 billion. More than one-third of this amount continued to flow from the export of fish and fish products, wood, and some minerals and metals.

The following exporter profiles provide a glimpse of some of the faces behind the statistics.

Savouring sweet success

For friends and sweethearts around the world, Ganong has come to be a name synonymous with Valentine's Day. Having started out as a candy kitchen in St. Stephen, New Brunswick in 1873, **Ganong Brothers Limited** today is internationally renowned for its boxed chocolates and bagged sugar confectionery.

In 1988, Ganong took its first major step toward going global by hiring a full-time export manager to expedite trade. "With the introduction of the Free Trade Agreement two years later," says Marc Lefebvre, Chief Financial Officer, "gaining access to the international marketplace became even more strategically important for us, since American confectionery companies were now allowed increased access to Canadian markets."

Ganong Brothers was more than up to the challenge. With exports now accounting for 10 percent of its sales, Ganong has already made a successful foray into foreign markets — and hopes to increase that figure to 25 percent.

Last year, Ganong brought EDC on board to provide Short Term Insurance, and a comfort cushion, as the company continues to make international inroads.

"We wanted a tool to enhance our risk management techniques," says Lefebvre. "As well, having EDC insurance gives us the flexibility to pursue customers in new markets without having to worry about the normal financial risks associated with opening new markets."

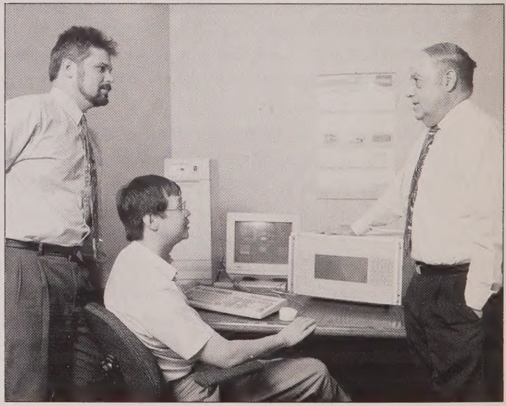
Innovative products fuel growth

Mitec Electronics Ltd. underscores the principle that innovation is a key to export success. Based in Pointe Claire, Quebec, Mitec's mission from day one has been to "efficiently and cost effectively design and develop new ideas for commercial and military markets," says President Myer Bentob.

Mitec has been able to carve out a substantial niche in the vast international microwave/millimetre industry as a supplier of high-power, wide and narrow band passive components, subsystems and networks. In addition, Mitec is developing Monitoring Alarm and Control systems for satellite earth station applications and has recently won a contract to supply the CBC with such a system for its remote transmitter stations.

The company's Switching/Combining Networks for satellite earth terminals and customized subsystems for

Ganong Brothers' famous chocolates, getting ready for sweet success in the international marketplace.



Mitec has captured a substantial share of the international market with its monitoring alarm and control unit (B-MAC) for broadcast transmitter stations. From left: Bob Mitchell, Manager; Alan Ah Sue, software engineer; and Myer Bentob, President.

radars have captured an impressive share in the United States and in the international microwave communications industry. More than 70 percent of production is exported to the United States, Western Europe, Israel, Japan, Australia and other Pacific countries.

From its humble roots in 1973 with two employees and annual sales of $65,000, the company has soared to a work force of 125 employees with sales of $13 million.

Mitec's successful performance, maintains Bentob, is a result of sound operations and strategies. "Our innovative products fuel consistent growth, as does our attention to customer service."

Bentob believes EDC's export insurance gives Mitec an advantage in maintaining competitive pricing and minimizing bad debt exposure. "EDC's partnership will help Mitec with its current plans to build a manufacturing facility in Europe," he says.

Exporting — A way of life

While many companies were still struggling under the effects of a sluggish economy at the end of 1992, **Tecsys Inc.** completed the most profitable quarter in its 10-year history.

Located in the heart of the Montreal business district, Tecsys set out in 1983 to deliver powerful computer software applications to an industrial client base. Then a one-person shop, owned and operated by President Dave Brereton, Tecsys's sales were modest and were confined to the domestic market.

Brereton eventually decided, however, that if the company was to grow, it had to export. "My mind was made up when I exhibited at a trade fair in the United States in 1990," he says. "There, I met a U.S.-based distributor who was to become an important ally in helping me target Tecsys products to that market."

Since then, globalization has become more than just a part of the marketing mix for Tecsys — it has become a way of life. Apart from the U.S., Tecsys now exports to Mexico, Kuwait and Malaysia. Its employee count has grown to 40, and its sales are in the mid-seven-figure range, with 50 percent of sales derived from exports.

Recently, EDC came on board with its Short Term Insurance to manage Tecsys's risks which, according to Brereton, "will help the company develop new markets."

A voluminous vision

No one could ever accuse Toby Gilsig, President of Montreal-based **M3i Systems,** of lacking corporate vision.

Originally created as a project team within Hydro-Québec in 1987, M3i, a computer software producer, evolved into an independent subsidiary of the utility three short years later. Between 1990 and 1992, M3i's staff count spiralled from 10 to 165 — and its sales volume soared from $100,000 to more than $10 million.

Today, M3i is a world leader in the production of powerful, user-friendly Command and Control systems for utilities, telecommunications networks, and fire and emergency systems. To what does the company owe its Olympian-like sprint to success?

Powerful software manufactured by Tecsys Inc. is destined for far-flung markets including Mexico, Kuwait and Malaysia. From left: Marie-Josée Métivier, V.P. Sales; David Brereton, President; Glenn Spriggs, Software Assistance Manager; Keith Dodds, Sales Representative; and Peter Brereton, V.P. Marketing and Product Direction.

Toby Gilsig's M3i Systems is a world leader in the production of powerful, user-friendly command and control systems.

According to Gilsig, "M3i's reputation for excellent products tailored to customers' needs is one reason. The other was our move to broaden our customer base, thanks to several foreign distribution agreements and the opening of sales offices in the United States, Great Britain and France."

About 80 percent of M3i's sales are currently garnered through export sales contracts. Gilsig believes M3i's sales volume will continue to flourish as the corporation expands its export markets.

He is quick to point out to other Canadian companies that the surest route to export success is having a credible reputation and a market leadership position. He adds, "Strategic alliances also help you take on the competition."

In 1992, M3i welcomed Midland Electric of London, England, as a partner with a 25 percent company share. EDC, through its Export Credit Insurance, is proving to be another important alliance for M3i. "We're very pleased with EDC's service, which helps us manage our risk in many countries where we do business," says Gilsig.

1992 Annual Report

Exploring global markets

The United States dominated the Canadian export picture in 1992, absorbing more of Canada's export sales than any other country.

Canada's export performance in 1992 was a bright spot in a year when many of the nation's economic indicators were less positive. Despite continued sluggishness that affected the economies of most of the world's industrialized countries, Canada's exports increased by 11 percent.

In 1992, EDC supported both large and small exporters representing a variety of sectors in countries around the world. These ranged from the traditionally strong markets of the United States and Europe to the increasingly significant markets of Asia/Pacific and the Middle East.

The Americas

United States: our leading partner

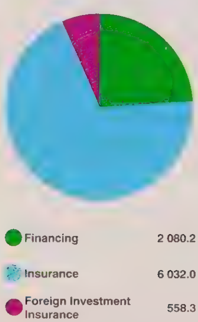
The United States dominated the Canadian export picture in 1992, absorbing more of Canada's export sales than any other country. Although economic recovery in the U.S. was slow, Canadian exports did exceptionally well, increasing 14 percent over 1991.

While the U.S. offered many opportunities for Canadian companies, exporting to this market became riskier in 1992. Canadian exporters, therefore, often relied on the risk management services offered by EDC. In fact, the Corporation supported more than $2 billion of U.S.-destined exports under its insurance programs, representing nearly one-third of EDC's total insurance volume.

Fully 81 percent of the claim applications EDC received in 1992 were for losses for U.S. sales. In total, 435 claim applications were approved and $18.4 million was paid to Canadian exporters. Prompt payment of these claims by EDC was critical in helping exporters manage their cash flow.

To help secure export opportunities in this market, exporters relied on EDC's expertise to structure financing transactions at market terms and conditions. Financing options suited to the U.S. included limited recourse financing and leasing arrangements, which allow lessors to take advantage of the tax benefits of purchasing Canadian equipment. In 1992, EDC's financing volumes in the U.S. totalled $633 million.

Total EDC Business
(in millions $)



Mexico: a critical growth market

Mexico is a significant market for EDC's customers. In fact, in 1992 EDC supported more than 50 percent of all Canadian exports destined there. For Canadian exporters it is a critical growth market that will become increasingly more important under the North American Free Trade Agreement (NAFTA).

EDC's insurance support for Mexican transactions more than doubled in 1992 as Mexico became EDC's fourth-largest insurance market with $324 million in business volumes. Of that total, 72 percent was conducted under EDC's Bulk Agriculture Insurance programs.

In Mexico's fast-growing export market, one of the most important financing instruments for Canadian exporters is EDC's lines of credit program. Of the 38 lines of credit established worldwide, 13 are in Mexico. These are important marketing tools for Canadian exporters, and are the most frequently used of all EDC's financing facilities. Exporters find that they often make the difference in winning an export contract. In 1992, EDC supported 112 individual allocations under lines of credit established in 18 countries with a value of $3.4 billion.

In 1992, as part of EDC's continuing support for small- and medium-sized exporters, the Corporation began streamlining the administration of the 11 smaller, multi-purpose Mexican lines of credit. This initiative is aimed at making financing support in Mexico more accessible for smaller transactions and shortening the processing time.

South America: economic reform sparks trade

The economic reforms introduced in recent years by several South American countries have helped create opportunities for Canadian exporters. Of the Canadian goods and services exported to South America in 1992, EDC supported 45 percent.

These reforms have created opportunities for the private sector to sponsor capital projects using project risk financing. This type of financing, based on the economic viability and cash flow-generating capabilities of the project, allows Canadian companies to gain a foothold in emerging markets.

Venezuela was one of several prominent South American markets for EDC-supported insurance transactions. Others included Brazil, Chile and Colombia. EDC supported sales of products such as wheat, potash, pulp and paper and powdered milk. Argentina, a developing market for Canadian exporters, presented a growing number of investment opportunities as a result of its privatization efforts.

EDC's Foreign Investment Insurance program, which insures new Canadian investments abroad against a wide range of political risks, was in demand in Argentina and many other evolving markets.

On track in Africa: GM Diesel Division's electric locomotives haul copper in Zambia.

Asia/Pacific

Asia/Pacific: brimming with opportunity

In 1992, most Asian economies continued to flourish, growing at a healthy rate of 7 percent. The notable exception was Japan, which experienced growth of less than 2 percent. In the next few years, Asia is expected to be the fastest growing market in the world.

As the most rapidly expanding regional market for Canadian exports, Asia/Pacific is brimming with opportunity. In 1992, Canadian exports to this region amounted to close to $16 billion, mostly in natural resources.

Japan was EDC's key insurance market in Asia/Pacific and the third most important insurance market overall. Demand for EDC's services in Japan grew 58 percent in 1992 as credit conditions worsened. Under EDC's Short Term Insurance programs alone, the Corporation supported transactions valued at $413.7 million, with wood and meat figuring most prominently. Other important markets for EDC's insurance customers included Australia, India, China, Malaysia and Hong Kong.

As an export market, China has growing importance for Canadian exporters. EDC's line of credit with the Bank of China, in place since 1979, has been essential in encouraging a Canadian presence in this market. In 1992, a limited concessional financing facility for China was renewed by the Government of Canada. Through this facility, in conjunction with the Bank of China line of credit, $559 million in financing was concluded.

Europe

Western Europe: evolving traditional markets

Demand for imports in Western Europe was slow in 1992, as investment and consumer spending were dampened by high interest rates. The decline was particularly marked in the U.K., where two years of recession have taken their toll. Despite poor demand conditions, Canadian exports to Western Europe increased three percent in 1992.

Western Europe was the fastest growing region for EDC's financing services. EDC's support was particularly strong for sales to the aerospace sector, and to a lesser extent, to the telecommunications and ground transportation sectors. Western Europe accounted for $667.1 million in financing volume in 1992.

In 1992, as business failures mounted — most significantly in the Nordic countries, France and the U.K. — the risks of doing business in Western Europe heightened. Demand was high for EDC's risk management services. EDC's insurance support for Western European sales increased 10.4 percent in 1992. Total insurance volume in Western Europe was more than $1.1 billion. Based on insured volumes, EDC's top Western European markets were the U.K., Italy, France and Germany.

During 1992, EDC's support for smaller companies was stronger than ever. For many smaller exporters tapping the potential in Europe, the protection offered by EDC's Export Credit Insurance program provided the assurance that they needed. To better respond to the needs of EDC's growing number of smaller customers, in 1992, EDC streamlined this policy, simplified the language, and added more credit management tools to give exporters more ways to approve their buyers' credit without having to refer to EDC.

Total EDC Business by Industrial Sector
(in millions $)

Saved by the disk: KAO's computer diskettes assist businesses throughout Eastern Europe. KAO's Koshi Mita, Vice-President Operations (left); and Johanne Allaire, Manager, International Business (centre); with EDC's Howard McCourt.

As the most rapidly expanding regional market for Canadian exports, Asia/Pacific is brimming with opportunity.

Eastern Europe: opening new export windows

In much of Eastern Europe and the new states that emerged from the former U.S.S.R., the year saw another sharp decline in production, spiralling inflation and worsening unemployment. Growth declined on average by 15 percent in 1992, the worst of any region in the world. However, there are early signs that the economies of the new Czech Republic and Hungary are responding to market reforms and are expanding trade with the West.

The potentially large marketplace of Eastern Europe attracted the interest of Canadian exporters in 1992, despite the risks in countries making the transition to market economies. Even given this environment, 10 Canadian exporters took advantage of the lines of credit established with banks in Hungary, Romania, Ukraine and the former Czechoslovakia to support transactions in such sectors as computer equipment and aircraft. In Poland, exporters used a short-term revolving insurance facility to export goods such as chemicals and capital equipment, that will help develop that country's economy.

Africa and the Middle East

Africa: charting a difficult course

Africa's growth was one of the smallest among developing markets in 1992. In sub-Saharan Africa, chaotic climate conditions, political upheavals and civil wars affected some countries, while poor management and inappropriate economic policies undermined the economic strength and financial viability of several others. Canadian exports to Africa declined 16 percent, largely because of decreased exports to Algeria and Morocco. EDC's total insurance volume in Africa was $230.5 million.

In markets that are difficult for Canadian exporters to penetrate, EDC demonstrated that innovative financing can overcome significant economic and political risks. In 1992, total financing volume in Africa reached $108 million.

The Middle East: a significant export market

Canadian exports to Middle Eastern countries declined by 15 percent in 1992. This was largely because of a significant fall in exports to Kuwait, which had climbed dramatically in 1991 after the Gulf War.

In contrast to the economic conditions in Africa, the economies of major markets in the Middle East continued to grow over the past year, driven primarily by more investment spending. Although this region has recovered from the major economic effects of the Gulf War, some economic and political repercussions of the war continued to linger throughout the year. Oil prices remained soft as Saudi Arabia and other producers increased oil production to fill the gap created by the absence of Iraqi oil exports.

The Middle East remained a significant market for EDC's customers. Many Canadian exporters were interested in Iran, which continued to be a challenging market. EDC's support in Iran was primarily through various insurance programs, under which volume climbed more than 200 percent in 1992. The majority of sales supported under this program were for wheat. EDC also supported some medium- and long-term business in Iran.

The opportunities in Kuwait's reconstruction projects also attracted the interest of many Canadian exporters. Late in 1992, EDC financing was made available through a new US$500 million line of credit with Kuwait. Throughout 1993, this line of credit will be an important source of financing for Canadian exporters seeking to access the Kuwaiti market.

The total business volume insured in the Middle East was $557.4 million. Of the total Canadian exports to the Middle East, EDC supported 54 percent.

Toward the future

During this period of changing political and economic conditions around the globe, EDC's support and expertise have been crucial to a great number of Canadian companies. In the dynamic and highly competitive international marketplace of tomorrow, EDC's comprehensive risk management and financing services will play an even greater role. Throughout 1993 and into the 21st century, EDC will continue to be a fundamental part of the export strategy of many Canadian companies as they explore global markets.

Hot prospects for Mexican markets: Mactronic's flare systems provide safe and reliable ignition for the oil and gas industry in Mexico.

EDC
SEE

HIGHLIGHTS

A total of 1,942 customers used EDC's products and services in 1992.

Approximately 329,000 person-years of employment were created or sustained by Canadian exporters using EDC's services.

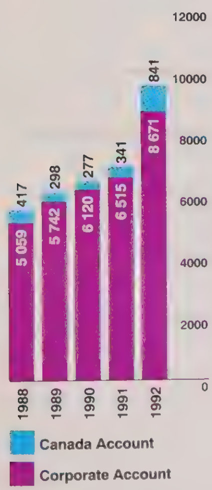
More than 1,000 Canadian small businesses benefited from EDC's programs.

Total business volume (Corporate and Canada Accounts) increased 39 percent to $9.5 billion.

Total business volume per employee (Corporate and Canada Accounts) increased 39 percent to $18.6 million.

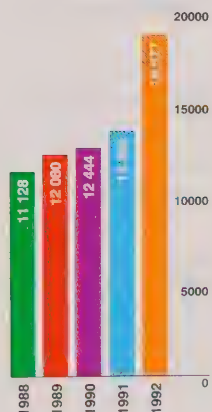
Business Volume

(in millions $)



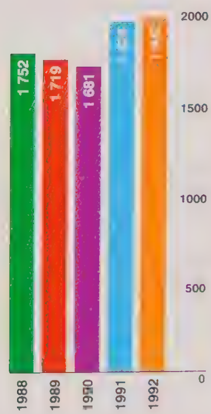
Business Volume per Employee

(in thousands $)



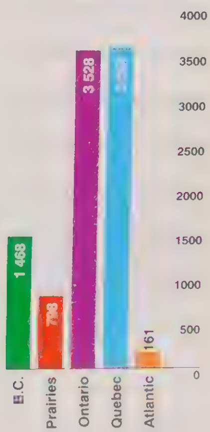
Customers Supported

(number of companies)



Business Volume by Region

(in millions $)



Piecing together market opportunities in Europe

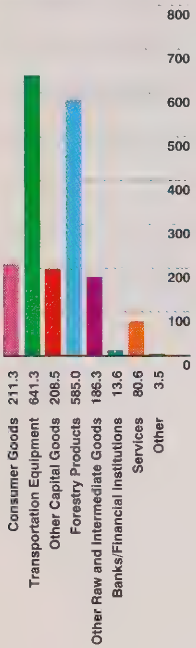
A continent of seemingly unshakable stability only a few years ago, Europe today is marked by unprecedented political and economic change.

Central and Eastern Europe have undergone change of epic proportions over the last few years. East and West Germany have reunified, communism has collapsed and what was once the Soviet Union has splintered apart.

For many of the countries in this region — particularly those of the former Soviet Union — there is limited understanding of a free market economy. Central and Eastern Europe may be ripe with opportunity for some Canadian exporters and investors — but for others, the rewards will pale against the risks and tremendous efforts required to reap them.

Western Europe has undergone significant change too in recent years. The region experienced sluggish growth in 1992, and this is expected to continue in 1993. Efforts during 1993 will concentrate on ratification of the Maastricht Treaty and further development of Economic Community standards and regulations. If successful, the single largest market in the world — consisting of Belgium, Germany, France, the United Kingdom, Luxembourg, the Netherlands, Greece, Spain, Portugal, Ireland, Italy and Denmark — will become more integrated.

Business by industrial sector in Europe
(in millions $)



Impact of unification

Canada stands to benefit from a more open trade and investment climate in Europe with the further unification of the European Community. At the same time, however, Canadian businesses will face greater competition as a result of the unification — not only in Europe, but also in other world markets, as well as in Canada itself.

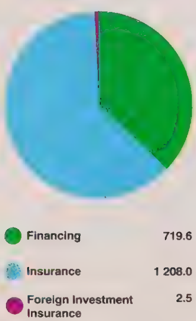
How, then, can Canadian companies successfully uncover business opportunities among the risks and challenges in the European marketplace?

By all accounts, the key for Canadian firms — as well as all non-European firms — to gain successful entry to European markets is either through strategic alliances or mergers and acquisitions. A number of Canadian-based organizations and international institutions are proving to be powerful allies in helping Canadian businesses make their mark in the European marketplace.

To help Canadian companies seize opportunities in Central and Eastern Europe, External Affairs and International Trade Canada (EAITC) has established technical assistance programs. One of these programs, Renaissance Eastern Europe, is enjoying tremendous success (see page 22).

Several international financial institutions, including the World Bank and the European Bank for Reconstruction and Development (see page 25), are providing advice, loans, equity investment and debt guarantees to Canadian and other companies around the world that are looking to export to or invest in Central and Eastern Europe.

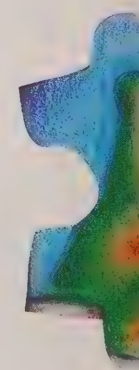
EDC business in Europe
(in millions $)



EDC adds value

And EDC is adding significant value to Canadian export and investment proposals for Europe through its risk management and financing products and services.

As Western Europe edges toward market integration and Central and Eastern Europe continue to develop their political and economic systems, EDC is well-positioned to adapt its financing and insurance facilities to help Canadians tackle the challenges and reap the rewards that Europe has to offer in the '90s.



Western Europe:

Early presence the key

Although Canadian export activity has long been associated with our neighbour just south of the border, the globalization of trade has seen many Canadian firms — both large and small — successfully penetrate the commercial markets in Western Europe in the past several years. **Bombardier, Pratt & Whitney, General Electric** and **Aqua Health Ltd.** are a few notable examples.

Western Europe, particularly the European Community (EC), is the world's largest trading area and Canada's second-largest trading partner. With a population of some 340 million people in the EC and 33 million in the European Free Trade Association countries — consisting of Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland — Western Europe has an import market worth more than US$1 trillion and growing at a rate of about 20 percent annually. In 1992, two-way trade between Canada and Western Europe totalled more than $31 billion. Of this amount, Canadian exports were more than $13 billion.

Canadian exports to this region have traditionally been in the forestry and raw materials sectors. Current and future export opportunities for Canadian businesses in Western Europe, however, will be value-added products and services: information technology expertise, high-technology expertise in aerospace, remote sensing and geomatics, value-added agriculture products such as processed foods and fisheries, transportation systems, and consumer products such as giftware, hardware and fashion.

Despite poor demand conditions, Canadian exports increased 2.5 percent in 1992. Growth of more than four percent is forecasted for 1993. Two of the best-performing sectors are expected to be motor vehicles and parts, and capital and other manufactured goods, following the trend of 1992.

While potential opportunities in Western Europe are considerable, so too are the risks — not only for newcomers looking to expand beyond Canada or North America, but also for firms experienced in intercontinental trade.

Once regarded as a relatively safe haven for doing business — largely because of the high commercial morality and credit standing among European businesses — the EC market has been suffering from recession conditions during the past two years. Companies must now make a fundamental change to their level of sophistication and monitoring necessary to survive in a very difficult business environment.

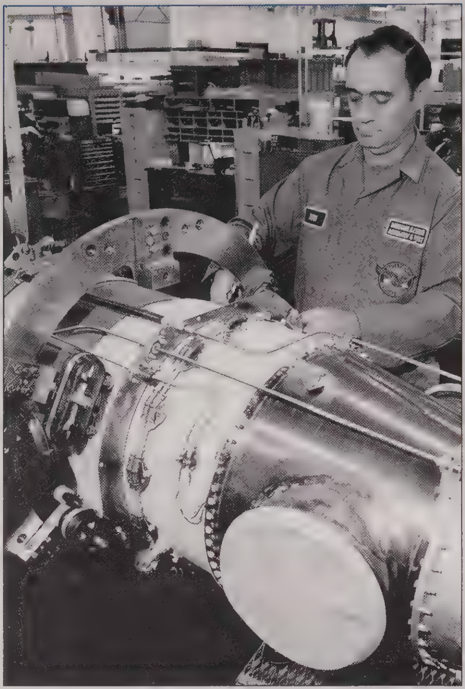
The sluggish growth recorded in Western Europe during 1992 is expected

Pratt & Whitney

Flying high from day one

"We made our fame with an excellent first product," says Louise Fleischmann, Director of Corporate Communications at **Pratt & Whitney Canada** (P&WC). "Our premiere engine, the PT6 (a small gas turbine engine), sold like hot cakes around the world and established our reputation for reliability."

Located in Longueuil, Quebec, P&WC is a wholly owned subsidiary of United States-based United Technologies Corporation. P&WC has been exporting its aircraft engines and parts since it began selling the PT6 in 1963. "At the time, there was only one airframer in Canada to buy our product," says Fleischmann.



The PT6 turboprop engine produced by Pratt & Whitney Canada helped establish the company's worldwide reputation.

Worldwide reputation

Since then the company has successfully built a worldwide reputation for excellence, and has captured 30 percent of the world market in its sector for turboprop and turbofan engines — the largest share belonging to a single supplier. The remaining market share is divided among approximately a dozen other manufacturers.

According to Fleischmann, there is no one factor that guarantees success in the marketplace. "It's a combination of many things," she says, "but the bottom line is, you must know your customer and be able to provide the best product to meet that customer's needs.

"We were fortunate that we were able to enter the market with such an excellent first product," Fleischmann adds. "Now, potential customers knock at our door. I'm not saying they don't knock at our competitors' doors; but they come to us because of the reputation we have built and maintained over the years."

Today, more than 85 percent of P&WC's market remains outside of Canada. One of its recent projects with EDC involved the supply of close to 100 PW125B and PW127A small gas turbine engines to be incorporated into Fokker 50 turboprop aircraft. Fokker N.V. is one of the world's leading short- to medium-haul aircraft manufacturers, with 30 percent of all 50-seat aircraft deliveries and 50 percent of all 100-seat aircraft deliveries worldwide in 1991.

Far from resting on its laurels, P&WC is moving ahead to develop more products for export. Fleischmann says: "We're now developing large gas turbine engines and are very optimistic about the future of these new products as well." This is one company that won't sit back and wait for the competition to catch up.

to continue in 1993. Growth this year will largely depend on the German economy and, in particular, the easing of its interest rates. Interest rates in Germany were kept high during most of 1992 to battle inflation. While German interest rates are expected to decline two to three percentage points by mid-1993, the stimulative impact on European spending will not be fully felt until late in 1993.

The recession, which has battered most of Europe over the past two years, is having a profound effect on companies located within its borders. Credit quality in Western Europe has generally declined over the past few years. Business failures increased at an annual average rate of more than 15 percent

In 1992, demand was high for EDC's risk management services. EDC's insurance support for Western Europe covered goods that ranged from wood pulp to computer components.

between 1989 and 1992. Although an easing of interest rates should benefit European companies by relieving corporate debt servicing costs, bankruptcies are expected to continue to be high during 1993.

Managing risk

On a brighter note, although considerable advancement is needed before there is a single Europe, the continued consolidation of the European market offers tremendous opportunity for Canadian business. It is, however, essential for exporters to move quickly to establish a presence or expand operations in the area.

In the long run, Canadian companies that have established themselves early in the European common market will be extremely well-placed once better times arrive. EDC's insurance services and its financing products and services can help.

In 1992, demand was high for EDC's risk management services. EDC's insurance support for Western Europe covered goods that ranged from wood pulp to computer components. Total insurance volume in Western Europe in 1992 was $1,169.1 million — up 10.4 percent over 1991.

Both short- and medium-term insurance policies protected EDC's customers against the danger of non-payment due to buyer default or insolvency, as well as other commercial and political causes.

This level of activity was not possible without EDC taking on substantial risks. According to Jim Curley, Manager, Credit Surveillance and Analysis, "As of December 31, 1992, of the nearly 2,800 credit approvals we had potential exposure with for European buyers, approximately 30 percent in dollar terms were considered to be very high commercial risks. And by all accounts, that risk is increasing."

John Hutchison, EDC's Chief Underwriter, Short Term Insurance, maintains: "The value of a partnership with us goes well beyond the written terms of the policy. In many ways, EDC's real strength is found in its experience.

"We can offer advice on local market conditions, on reliable sources of credit information, and on establishing buyer exposures at reasonable levels," Hutchison adds. "To the more experienced in European trade, we can provide support in analyzing buyer creditworthiness and in maintaining adequate surveillance over time."

EDC's team of specialists constantly monitors and assesses the marketplace and is therefore able to react quickly to continuously changing circumstances — be they requests for extended terms in the lumber industry in Britain or the increased risks resulting from privatization of state-owned companies in Italy.

Bombardier

Targeting the right niche

"The advice I would offer exporters applies worldwide as well as in Europe — strive to be the best, and produce what your customers are asking for," says Pierre-André Roy, President and General Manager for the Amphibious Aircraft Division of Montreal-based **Bombardier Inc.**

Bombardier seems to have found the key to export success. The company is internationally recognized for its design, development, manufacturing and marketing activities in the fields of aerospace, surface transportation, motorized consumer products and defence, with more than 90 percent of its revenues currently flowing from sales outside of Canada.

One of Bombardier's current success stories involves the Canadair Regional Jet, a unique 50-passenger aircraft that has found a strong niche in Europe and the United States. The company recently delivered the first four Canadair Regional Jet aircraft (of 13 ordered) to Lufthansa CityLine in Germany, financed by EDC. Deliveries to Comair, the U.S. launch customer, are expected shortly.

"Traditionally, the air transportation system has been based on hubs; small planes bring commuters from smaller cities into the major centres, and transfer them to a larger aircraft for long-distance flights," says Roy. "We've designed the Canadair Regional Jet to allow airlines to bypass the hubs." This is particularly advantageous to Europeans, he adds, because cities are in such close proximity to one another (in comparison to North America).

Roy says there is no competition for the Canadair Regional Jet. Bombardier has positioned the aircraft as being faster and quieter, making it more suitable for longer journeys than turboprops, yet more economical than bigger jets.

In keeping with its philosophy, Bombardier has successfully delivered superior technology to a niche where there is limited competition. Roy maintains: "We strive to deliver the best quality aircraft on time and at a good price — we give our customers what they want."

Bombardier Inc. is soaring with the sale of its state-of-the-art Canadair Regional Jets (bottom photo) to Lufthansa CityLine in Germany. At signing ceremony, from left: Gerd Radtke, CIBC Frankfurt; Helmut Horn, Lufthansa CityLine (LCL); Henri Souquières, EDC; Hans Borgmann, LCL; Peter Jones, CIBC London; Axel Bertram, LCL; Peter Hepburn, EDC; and Nick Bowyer, CIBC London.

"We want to help Canadian companies succeed, not just survive," says Hutchison. "That's why we go the extra mile in finding ways of approving our customers' buyers. Not every transaction can be covered. But through our understanding of the prevailing conditions and trends in Europe, we can differentiate between the high but acceptable risks and the bad risks."

But it's not enough just to be willing to try to understand the buyer's real situation; you need tools that will help you assess and analyze the situation. For that reason, EDC has made a considerable investment in information technology over the past few years. Increased use of on-line information sources has become an essential element in EDC's ability to get the information it needs and examine it.

To meet the challenges of commercial financing in Western Europe, EDC has developed a range of market-driven financing structures that can be tailored according to the nature of the underlying export sale as well as to clients' specific preferences.

According to Kevin Harris, an underwriter for EDC's Short Term Insurance Division, "Britain is Canada's and EDC's most important export destination in Western Europe. Yet it has been mired in deep recession, which has pushed bankruptcies to dangerously high levels. Plants are operating well below capacity, and payment delays are on the rise.

"Despite this, we are presently supporting more than 740 buyer credit approvals on firms based in the United Kingdom," he adds. "We are able to do this largely because of our ready access to timely and pertinent information — not only on buyers, but on industry trends as well. This is an enormous advantage for our customers who look to us to monitor the credit risk over time."

Multi-faceted financing

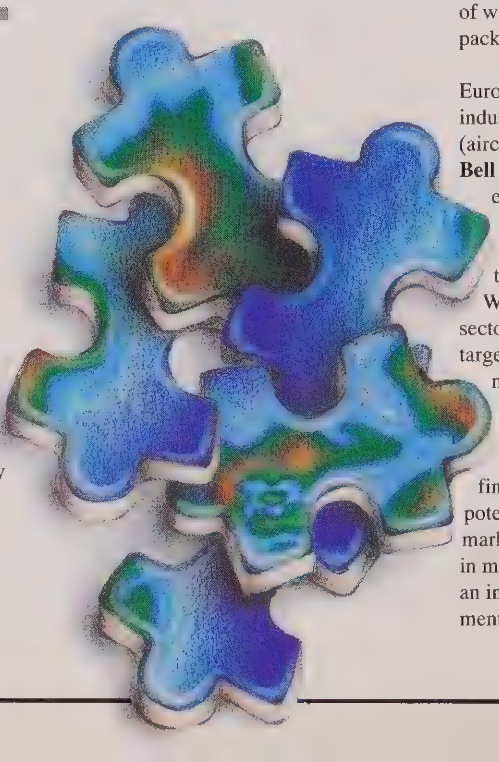
For some Canadian exporters, EDC financing has also proven to be an enormous advantage in fortifying their export strategy for Western Europe.

Peter Hepburn, Manager, Europe Department, says Western Europe was the fastest-growing region for EDC's financing services in 1992. For high-quality borrowers in sophisticated markets such as Western Europe, EDC's financing solutions offer critical support.

EDC's ability to provide financing is based on a rigorous process. This process takes into account the credit profile of the potential borrower and other relevant risks, depending on the structure of the financing support. Says Hepburn, "Our investment in the latest on-line information technology sources, and our close association with major international brokerage houses and banks, ensure that financing requests can be turned around quickly and effectively."

To meet the challenges of commercial financing in Western Europe, EDC has developed a range of market-driven financing structures that can be tailored according to the nature of the underlying export sale as well as to clients' specific preferences.

"We can fund a transaction directly or provide guarantees for loans made by commercial banks or debt raised directly by a buyer in the capital markets," says Hepburn.



Loans are normally made to the buyer; however, financing can be made directly to an exporter through EDC's note purchase program. Under this program, EDC purchases from an exporter promissory notes issued or guaranteed by an investment grade European buyer.

Whether EDC is providing financing to the exporter or to the buyer, market-oriented rates of interest and appropriate repayment terms will apply. Loans are normally made on a medium- or long-term basis.

Project risk financing is an effective way to support export transactions where the economic viability and revenue generating capacity of a project can provide satisfactory security to project lenders that the debt will be repaid.

According to EDC's Allan Roberts, Acting Manager, South Europe Department, "We recently participated in project risk financing involving the sale of telecommunications equipment to a United Kingdom-based buyer. Our appetite is growing for this type of business in Western Europe and other commercial markets."

To fully benefit from relevant tax advantages, lease financing through experienced international lessors has proven to be a practical way to support the sale of Canadian-made passenger aircraft to major European airlines, Hepburn points out. "EDC can fund such a lease in a number of ways and can tailor the required security package on a deal-specific basis."

To date, EDC financing in Western Europe has been focused in the aerospace industry. Clients include **Bombardier** (aircraft parts and Canadair Regional Jets), **Bell Helicopter, Pratt & Whitney** (aircraft engines) and **CAE Electronics** (flight simulators).

In the future, EDC hopes to widen the scope of its financing activities in Western Europe to include other industry sectors. "Our initial emphasis in diversifying target market sectors will be on telecommunications, other information technologies and surface transportation," says Roberts.

"This balance will help provide Canadian exporters with high-quality financing services in the competitive but potentially lucrative Western European market," he adds, "and will hopefully result in more Canadian companies using EDC as an integral partner in their market development strategies."

Central Europe:

Markets in transition

Politically and socially, Central Europe — encompassing Hungary, Poland, Romania and the new Czech and Slovak Federal Republics — has long been thought of as the transition zone between Eastern and Western Europe. When the countries of Central Europe began the transition from communism to market economies and democratic governments in 1989, this region also became an economic transition zone between Western and Eastern Europe.

Despite the continuous changes affecting the Central European marketplace, short- and medium-term EDC insurance support is presently offered in all Central European countries.

According to EDC's Eric Siegel, General Manager of Medium Term Insurance, "The area is very much in transition. Countries are being wrenched in every direction. Some are literally bolting ahead, such as the Czech Republic, which is undergoing rapid changes and presenting interesting opportunities in the private sector.

"There will be countries on the winning side and others on the losing side," he adds. "For the winners, at least, they are going to look more and more like an extension of Western Europe."

All indicators point to Central Europe, with a population of some 100 million people, as being a market of tremendous long-term opportunity. Hungary, the Czech Republic and Poland are already trading actively with Western countries. In 1992, for instance, two-way trade between Canada and Central Europe totalled $318 million, of which Canadian exports accounted for $158 million. This was a 38 percent increase over Canadian trade with Central Europe in 1991.

Hungary is perhaps the most successful of the Central European economies to date,

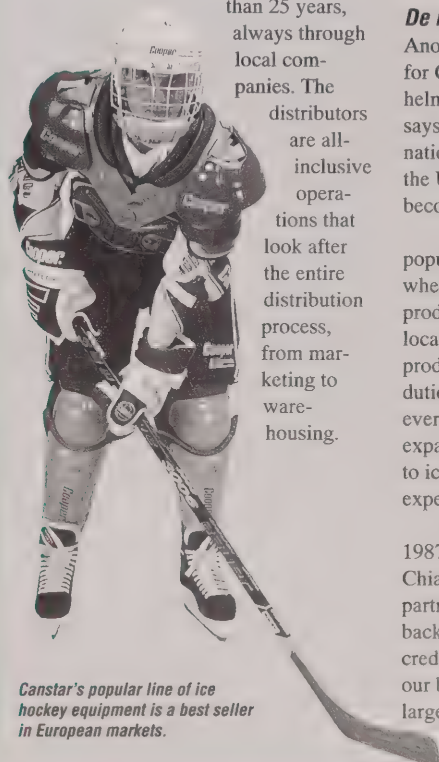
Canstar

Forming partnerships abroad

To Phil Chiarella, President of **Canstar Sports Group**, breaking into the European marketplace comes down to one key thing: forming alliances with a distributor in each European country that knows the local market.

"It's the way we prefer to do business," he says. "Coming from Canada, we don't know the idiosyncrasies of each market, and we don't speak the different languages. But if we find someone who's already established there, we know they'll sell our product to their customers as well." He adds, "This way, both retailers and customers know that someone is there to service the product."

Canstar has been selling its line of sports equipment to Europe for more than 25 years, always through local companies. The distributors are all-inclusive operations that look after the entire distribution process, from marketing to warehousing.



Canstar's popular line of ice hockey equipment is a best seller in European markets.

Chiarella notes that the advantage of having a local operation is that Canstar has to deal with only one person in each country, instead of perhaps hundreds of individual accounts. He admits that the down side is that involving another person in the product distribution tends to increase the product's costs.

Canstar, which has its head office in Montreal, Quebec, is the world's largest manufacturer of ice hockey skates and protective equipment. In Europe, its most important market, it is also the biggest exporter of ice hockey equipment, selling to every country in Western Europe and several countries in Eastern Europe. Its key markets are the hockey-playing nations of Sweden, Finland, Germany and Switzerland.

De rigueur equipment

Another top-selling product in Europe for Canstar is its Cooper field hockey helmet and face guard, which Chiarella says has become standard equipment in nations such as Holland, Belgium and the United Kingdom. The equipment has become *de rigueur* in Australia as well.

Canstar is also seeing the growing popularity of its in-line skates in Europe, where it has started to manufacture the product. Chiarella says manufacturing locally helps control the costs of the product, which would otherwise face duties and transportation costs. However, he says there are no plans to expand those manufacturing operations to ice hockey equipment, since "the expertise for that is in Canada."

EDC has worked with Canstar since 1987 on a number of its European sales. Chiarella says it has been a valuable partnership. "EDC does a lot of the background work for us on our buyers' credit. And EDC allows us to finance our business because we can extend larger lines of credit to our customers and ship to them earlier."

EAITC

Renaissance program heralds new trade era with Central and Eastern Europe

External Affairs and International Trade Canada (EAITC) is helping Canadians welcome a new era of trade with, and industrial development in, Central and Eastern Europe.

Through its Renaissance Eastern Europe program, established in March 1990, EAITC aims to heighten Canadian companies' involvement in that part of the world — specifically, "those companies that are experienced in international trade," says EAITC's Melvyn MacDonald, Director, Central and Eastern Europe Trade Development Division.

Three forms of assistance

For those Canadian companies that do have the experience to weather the winds of change that will continue to blow through Central and Eastern Europe — and are able to meet the eligibility criteria for Renaissance — three forms of financial assistance are available.

"We offer program funding to support Canadian companies evaluating serious joint venture opportunities, investment opportunities or structured cooperation agreements in the target markets," says MacDonald. "Companies proposing training for their partners or target clients in Central or Eastern Europe are also eligible for program funding.

"As well, financial assistance is available for associations that represent Canadian business and focus on the problems and opportunities of international business development in specific markets in Central or Eastern Europe."

Renaissance is just one of the technical assistance projects funded by EAITC's Task Force on Central and Eastern Europe. To date, Renaissance has provided $6.8 million in assistance to 141 Canadian organizations that have targeted their products or services for Central or Eastern Europe.

Projects supported by Renaissance include a study on the technology and equipment necessary to expand oil field production in Kazakhstan; training for Polish partners in eyeglass manufacturing and retail joint ventures; and a study to evaluate the establishment of financial services in Hungary.

Substantial opportunity

According to MacDonald, there has been a tremendous growth in the number of Canadians who have visited EAITC's Central and Eastern Europe commercial divisions in recent years. Last year, more than 2,000 visitors requested information from EAITC's commercial offices in Warsaw, Prague, Budapest, Bucharest and Belgrade. Trade figures have grown as well.

"Canada's trade volume with the Czech and Slovak Federal Republics, for instance, doubled between 1991 and 1992, and we expect another doubling of trade volume this year," MacDonald notes. He maintains there is substantial opportunity for Canadian firms to do business in Central and Eastern Europe, albeit that the opportunities in Eastern Europe are long-term.

Companies seriously interested in doing business in Central or Eastern Europe should first contact a local EAITC international trade centre, located in major Canadian cities. These centres can provide information on market sector opportunities and on available assistance programs for export development.

Companies should then send a description of which market developments interest them, together with information on their company, to an EAITC commercial counsellor (posted at Canadian embassies throughout Europe). The counsellor will advise whether or not a market opportunity exists in the target market, will provide marketing advice, and will direct the inquiring Canadian company to businesses having partnership potential.

Hooking up with a capable partner in the target market is important in meeting Renaissance eligibility criteria. "A qualified local partner, who understands the market conditions and characteristics, can be essential to long-term business success," says MacDonald.

reaping the benefits of earlier efforts to reform its economy. Consequently, export growth is strong, and a sizable amount of foreign investment has been attracted by the country's open attitude. Although Hungary still has a large external debt, it should be comfortably able to finance its external obligations in the medium term.

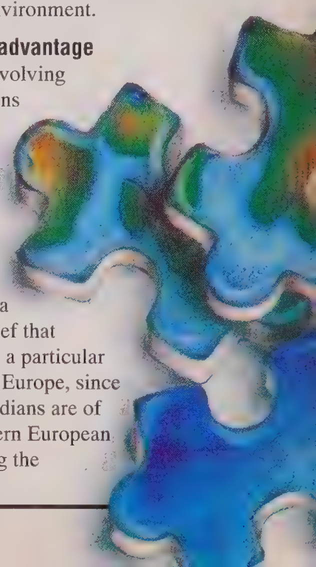
Poland continues to struggle with economic restructuring, political problems further complicating the country's situation. Statistics for last year point to an increase in exports and industrial production. Nevertheless, the still large and inefficient state sector and the unresolved problems associated with Poland's large external debt continue to work against the country's eventual recovery, despite some encouraging signs.

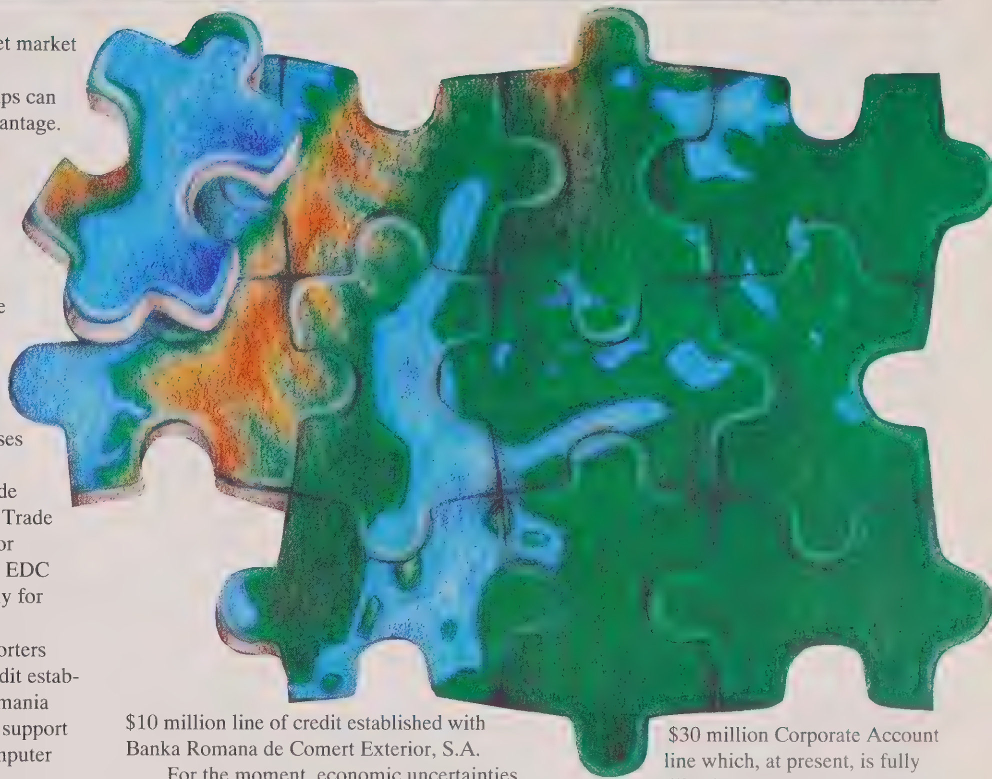
The creation of the separate and independent Czech and Slovak Republics has generated political and economic consequences that will dominate the political and economic landscape for some time. Slovakia will be the weaker of the two successor states, burdened by a heavy reliance on weapons production and other out-of-date industries. In the Czech Republic, there is a greater commitment to the concept of rapid reform, both at the political level and among the population at large.

In Romania, years of central planning and misdirected investment has created an increasingly inefficient industrial base with one of the highest energy requirements in Europe. Despite a low debt service ratio, Romania's international creditworthiness is low. The country will therefore largely depend upon capital flows from the World Bank and the International Monetary Fund. The Romanian economy will need a long time to adjust to market economics and its new external environment.

The Canadian advantage

In spite of the evolving market conditions in Central Europe, Canadian exporters have found ways to successfully do business there. In fact, there is a widespread belief that Canadians have a particular edge in Central Europe, since one in ten Canadians are of Central or Eastern European origin. Knowing the





language and the culture of a target market can provide a distinct advantage.

Forming European partnerships can also give Canadians a distinct advantage. Central Europe appears poised to try and build every economic and cultural bridge that it can with the European Community. Canadian firms that have formed strategic alliances with Western European countries will have an access route to Central Europe.

A number of organizations are proving to be powerful facilitators in the formation of strategic alliances for Canadian businesses looking to do business in Central Europe. These organizations include External Affairs and International Trade Canada, and the European Bank for Reconstruction and Development. EDC is also proving to be a strategic ally for Canadian firms.

In 1992, seven Canadian exporters benefited from EDC's lines of credit established with banks in Hungary, Romania and the former Czechoslovakia to support transactions in such sectors as computer equipment or aircraft.

In Hungary, exporter interest has proven to be quite strong. "Financing can currently be considered where the Hungarian government is prepared to provide a loan guarantee," says EDC's Allan Roberts, Acting Manager, South Europe Department. "In view of the commercial banking sector developments taking place in that country, additional financing structures are currently under consideration, so that we will be positioned to meet exporters' evolving needs in this emerging commercial market."

EDC has had to adopt a cautious approach to the former Czechoslovakia in the wake of the political separation of the Czech and Slovak Republics. "EDC continues to be able to consider financing for transactions in the Czech Republic on a case-by-case basis, where a sovereign guarantee is made available by the Czech Republic," says Roberts.

"However, due to the relatively greater uncertainties of the impact that the political separation of the Slovak Republic will have, We are not yet open in that new market," he adds. "As with Hungary, we are also looking to establish new relationships with the commercial banks of the Czech Republic."

Limited EDC financing support is also available for Romania through a $10 million line of credit established with Banka Romana de Comert Exterior, S.A.

For the moment, economic uncertainties preclude EDC from providing financing support for the other countries of Central Europe. Future financing in this region will depend on the direction and effectiveness of economic reforms in the respective countries.

Insuring export success

Despite the continuous changes affecting the Central European marketplace, short- and medium-term EDC insurance support is presently offered in all Central European countries. Restrictions apply in many cases, however, and some types of cover (especially medium term) may be unavailable in certain instances. Requests are considered on a case-by-case basis. Those deals which offer shorter and more secure payment terms — in some cases, Irrevocable Letters of Credit only (ILC) — are usually the easiest to support.

EDC provides insurance on a case-by-case basis, to cover goods and services sold to buyers in Poland, usually on terms of up to 180-day ILC. Limits on the size of individual transactions may apply.

A revolving facility has been set up in respect of sales of bulk agriculture products and veterinary pharmaceuticals to Romania on terms of up to 270-day ILC. A $45 million Canada Account line — administered by EDC on behalf of the Government of Canada — is now available to complement an earlier $30 million Corporate Account line which, at present, is fully utilized.

EDC can also help under its Surety and Performance Security and Guarantee programs where exporter performance-related guarantees are required. The Surety and Performance Security Guarantee instruments provide bonding support on behalf of exporters. Performance Security Insurance protects the exporter against the risk of an unjustified call by the buyer on demand security instruments.

The nature of the risks associated with EDC's Surety and Performance Security Insurance & Guarantee programs are such that EDC is less concerned with the buyer's credit risk and more concerned with its international reputation and integrity in respecting its contractual obligations. Equally important, however, is the exporter's technical and financial capability to perform under the commercial contract.

Given the focus of these programs, support may be available even in some of the more difficult countries. According to Eric Siegel, "One shouldn't immediately assume that a limited capacity to entertain financing or buyer credit insurance in a particular market means that we can't provide bonding support. Because the risks are very different, the capacity to support or not support may also be different."

Eastern Europe:

Be prepared for the long haul!

With the collapse of communism in Eastern Europe has come the collapse of traditional trade patterns. While this situation has affected all of the countries in the region, the political and economic situation tends to be more uncertain in some regions than in others.

The end of the cold war and the old system of alliances and relationships that went hand in hand with it have allowed old conflicts and grievances — many of them centuries old — to be resurrected. Although two new states, Georgia and Bosnia, are the most obvious examples, many other potential trouble spots exist throughout Eastern Europe. Even in areas where armed conflict does not erupt, nationalism, in its various forms, has begun to dominate the economic agenda.

Political instability is the norm in Eastern Europe, and regulations are constantly changing as the various levels of government jockey for position. As a result, many necessary reforms are being ignored. Despite the supposed collapse of communism, the old guard maintains control of many local governments and large enterprises.

With the current unsettled situation, few of the countries in Eastern Europe will be creditworthy for several years to come. As a minimum requirement, the new states will have to be members of the International Monetary Fund (IMF) and have some sort of agreement on outstanding external debts. New membership in the IMF and World Bank will not only provide external support but also, in due course, yield better economic data with which to analyze creditworthiness.

A complete overhaul of the present economic system in Eastern Europe will be required. Unfortunately, change is slow in coming. It is already clear that the ability to service medium- and long-term debt is weak even in Russia, with its abundant natural resources and where economic reforms have surpassed those of most other former Soviet Union republics.

Throughout the 1990s, Eastern Europe will continue to be plagued by bouts of inflation and negative or uneven growth. In this environment, it is extremely difficult for western business to operate. Nevertheless, despite the sorry state of all industries in the region, opportunities do exist.

Areas that have significant natural resources will seek to develop them in order to generate foreign exchange. Russia, for example, will want to increase production in export industries — such as forest products and oil and gas — sectors that Canadians have been involved in for decades. This could eventually present export and investment opportunities for Canadian business, as well as challenges.

Insuring investments in Eastern Europe

Because of the economic and organizational disorder evident in Eastern Europe, EDC is presently unable to offer credit insurance on sales to buyers in this part of the world. In addition to a chronic lack of foreign exchange, countries in this region also suffer from a near-complete absence of business structure and standards.

Obtaining comprehensive financial information on a buyer is virtually impossible; and in any event, nonexistent accounting standards render even the most basic assets/liabilities or sales estimates from such companies meaningless. In many cases, even the buyer's status in terms of the support it receives from the state is not known.

However, Foreign Investment Insurance may be available to Canadian companies setting their sights on the medium- and long-term opportunities in this evolving area of the world.

EDC's Foreign Investment Insurance policy protects Canadian investors against the risks of expropriation, war and not being able to transfer hard currency earnings. By reducing these political hazards, EDC permits its customers to concentrate on the commercial aspects of the project — often bringing badly needed technological or managerial experience to local markets.

At present, EDC is supporting 10 projects in Russia with an insured value of \$170 million. Up to another \$300 million may still be available through Canada Account facilities administered by EDC.

In addition to the economic chaos shaking the region, political and legal uncertainties point to slow progress in initiating market reforms. According to EDC's David Bailey, Acting Manager, Foreign Investment Insurance Department, "The basic difference between investing in Russia, for instance, and elsewhere in the world is that with most other places you at least have a semi-solid base from which to start. You know the rules, usually there is established investment legislation and a well-defined authorization process. In Russia, this is unfortunately not the case."

An important thing to keep in mind when starting to do business in Russia is the elaborate and ever-shifting approval process which must be respected at each level of government: municipal, republic and central. The time and effort required to meet these approval processes are considerable.

Added to this is the unresolved issue of ownership of resources. On the positive side, however, there is increasing evidence that the host government is more and more aware of the requirement by potential foreign investors for a clear and level playing field.

Says Bailey, "The speed and magnitude of change from a centrally planned economy to a market economy is bound to create hiccups along the way. That doesn't mean investors should shy away from the opportunities; but they do have to be prepared for the snags they will encounter.

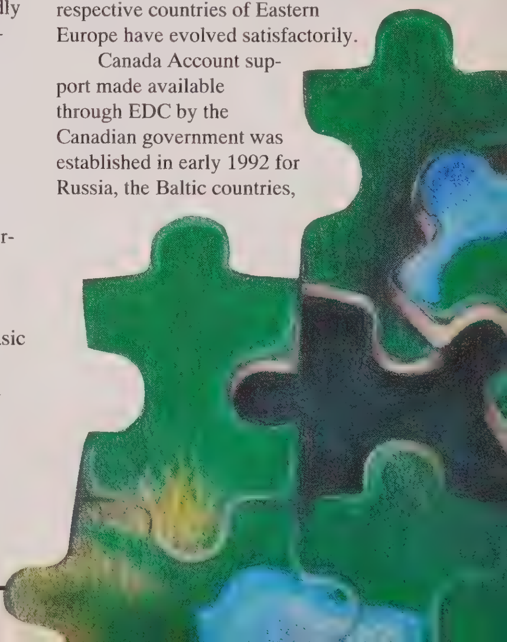
"Going in will involve a leap of faith, and investors may inevitably bear some bruises," he adds. "At the end of the day, however, EDC will be there with a safety net in the event of a serious fall. All in all, it may be a risk worth taking."

Financing

Given the unstable political and economic environment in Eastern Europe, export financing support to this region will, for the foreseeable future, remain very limited from Canada as well as other international commercial and government sources.

Support through normal EDC corporate account financing programs has not been available since August 1991, and conditions are unlikely to warrant such support until economic and political reforms in the respective countries of Eastern Europe have evolved satisfactorily.

Canada Account support made available through EDC by the Canadian government was established in early 1992 for Russia, the Baltic countries,



EBRD

Helping Canadians reach Central and Eastern European markets

One might think that the odds of entering and succeeding in the markets of the former East Bloc would be similar to the odds of winning the lottery. Even though communism has collapsed in Europe, the political and economic instability of the former Soviet Union do not constitute ideal market conditions.

One Canadian company, however, has overcome those obstacles in remarkable fashion. Since 1986, **Canadian Fracmaster**, an international oil and gas production corporation based in Calgary, Alberta, has been providing its hydraulic fracturing expertise to Russia to help the country revive its oil wells.

Fracmaster has now entered into its fifth Russian joint enterprise to stimulate oil well production in that country. One of its most recent joint enterprises, which received project financing from the European Bank for Reconstruction and Development (EBRD), will employ 36 Canadians and some 200 Russians.

Tough market to crack

Although Fracmaster may seem to make doing business in Russia look easy, it's actually "a tough, tough market to crack," cautions Don McCutchan, the Canadian Director of the EBRD.

"The Russian market — or any Eastern European market, for that matter — is not one the small-sized exporter should be targeting, unless s(he) has a really specific niche and is prepared to be in there for the long haul," explains McCutchan, formerly of EDC.

"Probably the best way to enter these markets is through a joint venture," he advises. "To go in blind — without a knowledgeable advisor or European partner — would greatly complicate matters."

There is another source of assistance for Canadian companies hoping to export to or invest in Central or Eastern Europe: the EBRD. The EBRD began official operations at its London, England headquarters in April 1991. Its members total 43 countries, together with the European Economic Community and the European Investment Bank.

Providing advice, loans, equity investment and debt guarantees to qualified applicants are primary objectives of the EBRD. Its overall goals are to foster among the countries of Central and Eastern Europe, the transition toward democracy and open, market-oriented economies, and to promote private and entrepreneurial initiative.

Despite its short history, the EBRD has already helped three Canadian companies secure financing under three loans. Besides two loans made to Fracmaster (in one of which **Pan Canadian** was a partner), **Sefri Construction** received financing for the start-up of a four-star hotel in Budapest, Hungary. A substantial number of other Canadian companies are under confidential discussion with EBRD staff.

Merchant vs. development banking

All three loans made to date were through the EBRD's Merchant Banking department, points out EBRD Alternate Director, David Horley. Merchant banking is distinct from the more traditional financial assistance provided by development banking through the World Bank and other international financial institutions.

With merchant banking, the exporter avoids having to meet the requirements of full-blown international competitive bidding. Horley is quick to point out, however, that merchant banking is not an export financing facility in the sense of EDC.

"The loans (and possibly equity) are committed to the enterprise in the country of operation," says Horley. "This enterprise is the borrower of record; there is no sovereign guarantee for repayment.

"The borrower must satisfy the EBRD that a reliable stream of hard currency earnings will exist to service the loan," he adds. "Finally, our lending does not normally exceed one-third of the total capital of the project or enterprise."

Sectors of opportunity

Horley receives between 10 and 12 serious inquiries per week from Canadian exporters seeking merchant banking financing. The EBRD lending programs that have developed the fastest have been for Central Europe, where political, economic and industrial structures have facilitated the process. Specific sectors of opportunity have included financial services, energy, transportation, telecommunications, agriculture and distribution.

However, McCutchan points out that there is an acute awareness of the need to finance bankable projects targeted for countries such as Bulgaria or Romania. "If a company has a good project in mind for one of those countries, I think the EBRD would welcome that company with open arms.

"I know there can be high risks associated with doing business in that part of the world," McCutchan adds, "but with high risk, hopefully, goes high reward. Once everything becomes safe in that region, there won't be any business opportunities left for Canadians — they'll have been snatched up by other countries."

Ukraine and Kazakhstan. However, the financing for Russia was temporarily suspended due to repayment problems, and much of the support to the other countries has already been fully committed. Given the current level of activity associated with these credit facilities, it is advisable to contact EDC directly for an update on their status.

Credit facilities established for Russia include Cdn$100 million for capital goods and Cdn$62 million for food. An additional Cdn$30 million was also recently announced, to facilitate the provision of medical, health and educational supplies for the benefit of children.

The Cdn$50 million line of credit facility established with the National Bank of Ukraine has been fully utilized through three allocations.

Canada Account support in the form of Cdn$10 million lines of credit was also made available for each of the three Baltic countries.

Latvia was the first country to sign with EDC, and it has fully utilized its credit. Lithuania has completed negotiations with EDC and is in the process of obtaining the required internal government authorizations before the credit facility can be finalized. Estonia has deferred negotiations with EDC until appropriate projects have been identified for financing under the Cdn$10 million facility which it has been offered.

Financing support under Canada Account totalling Cdn$20 million has also been made available for capital goods exports to Kazakhstan. Approximately Cdn$4 million of this amount has already been allocated, and several additional transactions are currently under review.

Export financing support for Eastern Europe can realistically be expected to remain difficult until reasonable levels of economic and political stability have been achieved. EDC, along with other international lenders, is continuing to strive to find adequate commercial structures which could support consideration.

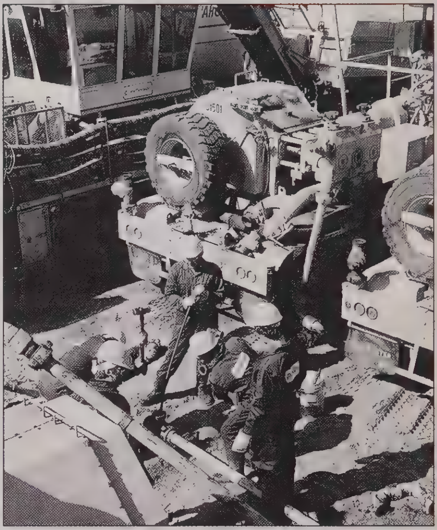
In view of their mandates in these markets, Canadian exporters are also encouraged to look to the multilateral financial institutions, such as the International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development, for export financing support.

***Todd Atherton,** Economist; **Bern Chartrand,** Assistant Manager, Export Insurance; **Blair Wilson,** Export Financing Officer; and **Pat Wudwud,** Economist.*

Fracmaster

To Russia with know-how

Canadian Fracmaster Ltd. is writing new chapters to a Russian success story that began in 1986. Fracmaster has parlayed its first successful sale of oilfield equipment to Russia into five oil and gas joint ventures with Russian companies. Through those joint ventures, it currently produces 50,000 barrels of oil a day, which it plans to double by year-end.



Canadian Fracmaster is the largest foreign oil exporter out of Russia, producing 50,000 barrels of oil a day.

A well servicing, manufacturing and production company based in Calgary, Alberta, Fracmaster specializes in equipment that stimulates production from oil wells through a process called hydraulic fracturing. The company is currently the largest foreign oil exporter out of Russia.

The right combination

Fracmaster's Russian success came about simply by having "the right combination," according to company president Doug Ramsay. "We're working with solid technology, and we have established good relationships with our partners."

The first sale of equipment didn't happen overnight. By the time Fracmaster broke into the market in 1986, company representatives had logged many trips to Russia over the previous three years on commercial missions. It was during those missions that the company established that a need existed in Russia for the high-tech fracturing equipment.

In 1987, a new opportunity opened up for Fracmaster when the Russian government decreed that joint enterprises could be set up with foreigners. It took two years of negotiating and proving its equipment on trial wells, but in 1989 the first Fracmaster joint venture was born.

"Working in another country is always a learning process," says Ramsay. "Now that we have that under our belts, we've worked out the frustrations and we know the system."

With the company's well-established presence in Russia, Ramsay says the language barrier no longer gets in the way either. "Our people who have been there for three or four years are fluent in Russian, and many of our partners are fluent in English."

For each of its joint ventures, Fracmaster has secured the backing of EDC's Foreign Investment Insurance. "EDC reduced the risks for us when we first entered the market," notes Ramsay. "EDC's support was a factor in our decision to invest there in the first place."

The success of Fracmaster's joint ventures owes much to one thing, according to Ramsay. "We truly treat our Russian partners as partners. We're not exploiting them. Both partners are able to benefit from the relationship."

Exporters' guide to markets in Europe

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Tel.: (613) 996-6835

Trade commissioners in Europe

Britain
Canadian High Commission, London
Tel.: (011-44-71) 258-6600
Fax: (011-44-71) 258-6384
Robert Burchill
Minister (Economic/Commercial)

Czech Republic
Canadian Embassy, Prague
Tel.: (011-42-2) 312-0251/312-0255
Fax: (011-42-2) 311-2791
Ross Miller
Counsellor (Commercial)

Denmark
Canadian Embassy, Copenhagen
Tel.: (011-45-33) 12-22-99
Fax: (011-45-33) 14-05-85
John Grantham
Counsellor (Commercial)

Finland
Canadian Embassy, Helsinki
Tel.: (011-358-0) 171-141
Fax: (011-358-0) 601-060
Leopold Battel
Counsellor (Commercial) and Consul

France
Canadian Embassy, Paris
Tel.: (011-33-1) 44-43-32-00
Fax: (011-33-1) 44-43-34-98
Rick Kohler
Minister-Counsellor (Economic/Commercial)

Germany
Canadian Embassy, Bonn
Tel.: (011-49-228) 23-10-61
Fax: (011-49-228) 23-61-70
Ed Mallory
Minister-Counsellor (Commercial/Economic)

Greece
Canadian Embassy, Athena
Tel.: (011-33-1) 723-9515
Fax: (011-33-1) 724-7123
Greg Goldhawk
First Secretary (Commercial)

Hungary
Canadian Embassy, Budapest
Tel.: (011-36-1) 176-7686/176-7711
Fax: (011-36-1) 176-7689
Jean-Yves Dionne
Counsellor (Commercial) and Consul

Italy
Canadian Embassy, Rome
Tel.: (011-39-6) 841-5341
Fax: (011-39-6) 841-2479
Dwayne Wright
Minister-Counsellor (Economic/Commercial)

Norway
Canadian Embassy, Oslo
Tel.: (011-47-2) 46-69-55
Fax: (011-47-2) 69-34-67
Roger Chan
Counsellor (Commercial) and Consul

Poland
Canadian Embassy, Varsaw
Tel.: (011-48-22) 29-80-51
Fax: (011-48-22) 29-64-57
Lynda Watson
First Secretary (Commercial) and Consul

Portugal
Canadian Embassy, Lisbon
Tel.: (011-351-1) 347-4892/347-4896
Fax: (011-351-1) 347-6466
Chantal Tremblay
Counsellor (Commercial) and Consul

Romania
Canadian Embassy, Bucharest
Tel.: (011-40-1) 312-03-65
Fax: (011-40-1) 312-03-66
Thomas Greenwood
Counsellor (Commercial)

Russia
Canadian Embassy, Moscow
Tel.: (011-7-95) 241-5070/241-5882
Fax: (011-7-95) 241-4400/241-9034
Rick Mann
Minister-Counsellor (Commercial)

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Canadian Embassy, Madrid
Tel.: (011-34-1) 431-4300
Fax: (011-34-1) 431-2367
Robert Noble
Counsellor (Commercial)

Sweden
Canadian Embassy, Stockholm
Tel.: (011-46-8) 613-9900
Fax: (011-46-8) 24-24-91
E.C.H. Shelly
Counsellor (Commercial)

Switzerland
Canadian Embassy, Berne
Tel.: (011-41-31) 44-63-81
Fax: (011-41-31) 44-73-15
Jean-Marc Duval
Counsellor (Commercial) and Vice-Consul

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Canadian Embassy, Ankara
Tel.: (011-90-4) 436-1275/446-2811
Fax: (011-90-4) 446-4437
Reid Henry
Counsellor (Commercial)

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Canadian Embassy, Kiev
Tel.: (011-7-044) 291-8978
Fax: (011-7-044) 291-8958
Nestor Gayowsky
Minister-Counsellor (Commercial/Economic)

Trade and business councils

Canada-Russia
Business Council

Canada-Ukraine
Business Council

André Benoit
Executive Director
Tel.: (416) 862-2821

Canada-Czechoslovakia Chamber of Commerce
Tel.: (416) 367-3383
Fax: (416) 367-3492

Hungarian-Canadian Chamber of Commerce
Tel.: (416) 865-0040
Fax: (416) 865-7380

Lines of credit and protocols

EDC has three types of prearranged export financing facilities which it can establish with foreign banks or institutions. Each is designed to make it possible for foreign buyers to purchase Canadian goods and services on credit. And in each case, EDC pays the Canadian exporter on the borrower's behalf, once the terms of the export contract have been satisfied.

Lines of credit are a streamlined form of export financing by which EDC lends money to a foreign bank or institution, which then relends necessary funds to foreign purchasers of Canadian goods or services. Interest rates, repayment terms and other details are prearranged between EDC and the foreign borrower, which speed up turnaround times.

A Buyer Credit Protocol is an agreement between EDC and a foreign institution through which the foreign institution can guarantee EDC export loans to buyers of Canadian goods and services in that country. EDC and the foreign institution preset the total value of Canadian exports that can be guaranteed under a protocol. This, in turn, enables the two parties to prearrange many of the procedures by which the foreign institution can guarantee individual transactions.

A Supplier Credit Protocol is a third type of umbrella agreement between EDC and a foreign institution. Here, the foreign institution guarantees the promissory notes (IOUs) issued to Canadian exporters as payment by their foreign buyers, which EDC then purchases from the Canadian exporter.

EDC currently has 42 lines of credit and protocols, providing easy access to export financing for buyers in 20 countries. But these are not our only export financing options; EDC can provide other types of loans to buyers in many more countries than those listed below.

If you have any questions about how EDC export financing can help you close a deal abroad, contact the Regional Office nearest you (check the contact list at the back).

CATEGORIES

Overseas Area Code = 011

1) Borrower
2) Funds remaining as of February 28, 1993
3) Repayment terms
4) Buyer's contact with borrower
5) Borrower's North American representative
6) Protocols

MEXICO & SOUTH AMERICA

EDC Contact for Mexico: Sherry Noble, Manager
EDC Contact for South America: Patrice Duval, Acting Manager

Argentina

1) **Banco de Galicia y Buenos Aires**
2) US$10,000,000
3) 3, 5 or 7 years
4) Virginia Garcia Zavalia
International Department
Tel.: 54-1-394-7942/7080/7291
Fax: 54-1-393-1603

1) **Banco Rio de la Plata S.A.**
2) US$10 million
3) 2 years
4) Enrique F. Waterhouse
International Department
Tel.: 54-1-331-7551/5444
Fax: 54-1-331-5444

Bolivia, Colombia, Ecuador, Peru, Venezuela

1) **Corporación Andina de Fomento**
2) US$16,400,000
3) 3 to 8 years
4) Maria Soledad Barrera A., Funding (Caracas, Venezuela)
Tel.: 58-2-209-2111
Telex: 2350 CAFVF CV
Fax: 58-2-284-2563

Chile

1) **Banco O'Higgins**
2) US$5,000,000
3) 2 to 8 years
4) Fernando Burgos C.
Head, International Division
Tel.: 56-2-672-4090
Telex: 340306 Baohrm Ck.
Fax: 56-2-671-7152

1) **Corporación Nacional del Cobre**
2) US$15,000,000
3) 3 to 7 years
4) Cesar Lillo Arellano,
Head of Debt Section
Tel.: 56-2-690-3613
Telex: 240672/3
Fax: 56-2-690-3669

Colombia

1) **Banco Cafetero**
2) US$5,000,000
3) 3 to 8 years
4) Raúl Gonzalez Torres, Manager
International Correspondent Banking
Tel.: 57-1-282-7742
Telex: 44460 BNCACO
Fax: 57-1-283-5207

1) **Banco Unión Colombiano**
2) US$3,000,000
3) 3 to 7 years
4) Ernest Field, President
Tel.: 57-1-210-3408
Fax: 57-1-211-4683

1) **Ecopetrol**
2) US$10,000,000
3) 3 to 8 years
4) Diana Espinosa P., Loan Department
Tel.: 57-1-288-3556
Fax: 57-1-288-6440

1) **Instituto de Fomento Industrial**
2) US$10,000,000
3) 3 to 8 years
4) Ricardo Rodríguez Beltran, Vice-President Commercial
Tel.: 57-1-283-8673
Fax: 57-1-283-8553

Mexico

1) **Banca Serfin, S.A.**
2) US$14,759,015
3) up to 8 years
4) Oscar Adad Rosas, Vice President
International Division
Tel.: 525-709-7644
Fax: 525-518-4529
5) Ramón Diez-Canedo, Representative
Tel.: 416-360-8900

1) **Banco del Atlántico, S.A.**
2) US$10,000,000
3) up to 8 years
4) Heberto Limas, Vice-President
Correspondent Banking
Tel.: 525-544-5460
Fax: 525-689-5790

1) **Banco Internacional, S.A.**
2) US$8,368,818
3) up to 8 years
4) Jorge A. Salinas Nilson, Senior Vice President, Foreign Trade
Tel.: 525-721-2630
Fax: 525-566-2402

1) **Banco Nacional de Comercio Exterior, S.N.C. (BANCOMEXT)**
2) US$10,355,870
3) up to 8 years
4) Miguel Angel Burelo, Vice-President
International Banking
Tel.: 525-327-6075
Fax: 525-327-6076

1) **Banco Nacional de México, S.A. (BANAMEX)**
2) US$3,273,831
3) up to 8 years
4) Alfredo Soto, Senior Vice President
Import Financing Division
Tel.: 525-225-6005
Fax: 525-225-4451
5) Karin Ruggeberg, Representative
Tel.: 416-368-1399
Fax: 416-367-2543

1) **Banco Nacional de Obras y Servicios Públicos, S.N.C. (BANOBRAS)**
2) US$20,000,000
3) up to 8 years
4) Ruben Dominguez Solis, Manager of International Banking Operations
Tel.: 525-583-1275
Fax: 525-583-5189

1) **Bancomer, S.A.**
2) US$19,115,303
3) up to 8 years
4) Cecilia Saenz y Saenz, Vice-President
Import Financing
Tel.: 525-621-3409
Fax: 525-621-3246/3230

1) **Comisión Federal de Electricidad (CFE)**
2) US$30,000,000
3) up to 8 years
4) Alberto Castelazo, General Manager
Finance Division
Tel.: 525-553-6448
Fax: 525-553-6538

1) **Multibanco Comermex, S.A.**
2) US$10,000,000
3) up to 8 years
4) Cynthia Cuevas, International Division
Tel.: 525-395-5176
Fax: 525-202-5264

1) **Nacional Financiera, S.N.C.**
2) US$28,046,658
3) up to 8 years
4) José Luis Orencio, Manager
Bilateral Financing
Tel.: 525-325-7022
Fax: 525-661-2793

1) **Petróleos Mexicanos (PEMEX)**
2) US$16,710,003
3) up to 8 years
4) Eduardo Ito Sugiyama, Deputy Manager
International Finance
Tel.: 525-250-6478
Fax: 525-254-4955

1) **Petróleos Mexicanos (PEMEX)**
2) US$489,989,674
3) 10 years
4) Eduardo Ito Sugiyama, International Finance
Tel.: 525-250-6478
Fax: 525-254-4955

1) **Teléfonos de Mexico S.A. de C.V. (TELMEX)**
2) US$72,520,630
3) up to 10 years
4) Gustavo Leon Mendez, Treasury
Tel.: 525-222-1153
Fax: 525-203-5972

Venezuela

1) **Banco Provincial S.A.I.C.A.**
2) US$10,000,000
3) 2 to 8 years
4) Elenora Silva, Area Internacional
Tel.: 58-2-501-4490
Fax: 58-2-574-2479

1) **Bariven S.A.**
2) US$25,000,000
3) 2 to 8.5 years
4) Robert La Grange, PDVSA Services Inc.
Representative (Houston Office)
Tel.: 713-531-0004
Fax: 713-588-6290

1) **Banco Mercantil CA SACA SAICA**
2) US$10,000,000
3) 2 to 8 years
4) John Fern, Manager, External Business
Tel.: 58-2-507-1137
Fax: 58-2-507-1191

USA & CARIBBEAN

EDC Contact: Ken Hamp, Manager

Barbados

1) **Barbados National Bank**
2) US$5,000,000
3) up to 8.5 years
4) Lauretta Matthews, General Manager
Banking
Tel.: 809-427-5920
Fax: 809-426-5048

Trinidad and Tobago

1) **Central Bank of Trinidad and Tobago**
2) US$15,000,000
3) 3 to 8.5 years
4) Nigel Crichton, Operations Officer, Foreign Exchange and Investment Department
Tel.: 809-625-4835
Fax: 809-627-4696

NORTH EUROPE

EDC Contact: Peter Hepburn, Manager

Belgium

1) **Générale de Banque**
2) Cdn$10,000,000
3) up to 5 years
4) Paul Jacques, Head, Trade Finance Group
Tel.: 32-2-516-21-11
Telex: 21283 Gebab
Fax: 32-2-516-23-98
6) A protocol, not a line of credit

Czechoslovakia

1) **Ceskoslovenska Obchodni Banka, A.S.**
2) Cdn$14,200,000
3) up to 8.5 years
4) Jaroslava Sindelarova, Area Manager
Tel.: 42-2-232-1889
Fax: 42-2-231-1478

SOUTH EUROPE

EDC Contact: Allan Roberts, Acting Manager

Hungary

1) **Magyar Nemzeti Bank**
2) Cdn$15,000,000
3) up to 8.5 years
4) Laszló Urban, General Manager
International Capital Markets
Tel.: 36-1-153-3535
Telex: 226321
Fax: 36-1-153-1058
5) National Bank of Hungary, Representative
Tel.: 212-969-9270
Telex: 238180

Italy

1) **Banca Nazionale Del Lavoro**
2) US$10,000,000
3) 2, 3 or 5 years
4) Giovanni Rosa
   Tel.: 39-6-4702-7468
   Telex: 680549BNLFIN 1
   Fax: 39-6-4702-0550
5) William Galbraith, Vice President
   International Banking, Representative
   Tel.: 416-365-7777
   Telex: 06218880
   Fax: 416-365-0849
6) A protocol, not a line of credit

Portugal

1) **Banco Português do Atlântico**
2) US$4,703,000
3) 2, 3, 5 or 7 years
4) Maria Helena Allen Valenoa, Area Manager
   Americas International Division
   Tel.: 351-1-3461321/325036
   Telex: 16559 BPA LXP/42944 ILBANK P
   Fax: 351-1-321307/3475315
5) Silippo Valli, Vice President, Representative
   Tel.: 212-306-7800
   Telex: ITT 428339
   Fax: 212-766-8047
6) A protocol, not a line of credit

Romania

1) **Banca Romana de Comert Exterior S.A. Buchresti**
2) US$6,549,000
3) 8.5 years
4) Marius Vieru, Area Manager
   Foreign Credits Correspondent Banking Department
   Tel.: 40-0-149947
   Telex: 11235
   Fax: 40-0-141598

AFRICA & MIDDLE EAST

EDC Contact: Didier Delahousse, Manager

Algeria

1) **SONATRACH**
2) US$123,045,000
3) 2 to 10 years
4) Mohammed Alili, Director, Financing
   Tel.: 60-70-00/60-80-11
   Telex: 62-115/104

Israel

1) **Bank Hapoalim B.M.**
2) US$9,168,000
3) 3, 5 or 7 years
4) Tovi Shpayer, Vice-President
   Foreign Trade Department
   Tel.: 972-3-5673416
5) Yehoshua Flam, Representative
   Tel.: 514-935-1128
   Telex: 5267448

1) **Bank Leumi Le-Israel B.M.**
2) US$10,000,000
3) 3, 5, or 7 years
4) Miriam Salzman, Assistant Manager
   Tel.: 972-3-5148630
5) Menachem Inbar, President & CEO Representative
   Tel.: 416-789-3392
   Telex: 06-218582
   Fax: 416-785-9398

1) **United Mizrahi Bank Limited**
2) US$10,000,000
3) 3, 5 or 7 years
4) Ephraim Eisenmann, Deputy Manager
   Tel.: 972-3-5679433
5) Schmuel Messenberg, Senior Executive Vice-President
   UMB Bank & Trust Co., Representative
   Tel.: 212-541-8070

Kuwait

1) **Kuwait Investment Authority**
2) US$500,000.000
3) 5 or 8.5 years
4) Abdullah Al-Fuwaires, Acting Director
   Kuwait Investment Authority
   Tel: 965-243-9595
   Telex: 46089-22527
   Fax: 965-240-7617

Tunisia

1) **Republic of Tunisia, Ministry of Plan**
2) US$35,354,657
3) up to 10 years
4) Abdelhamid Bouhaouala, Director
   International Cooperation
   Ministry of Plan
   Place de la Monnaie
   Tel.: 216-1-650-634

PACIFIC & NORTH ASIA

EDC Contact: Tom Macdonald, Manager

China, People's Republic of

1) **Bank of China**
2) Approximately Cdn$1.5 billion or its equivalent in US or other acceptable foreign currencies*
3) up to 10 years
4) Gu Rubai, General Manager
   Second Credit Department
   Tel.: 86-1-601-6688
   Telex: 22254 BCHO CN
5) Zhang Yang, Representative
   Tel.: 416-362-2991

* Concessional financing terms may also be considered by the Government of Canada through EDC. These funds are limited and special criteria apply.

SOUTH ASIA

EDC Contact: Marvin Hough, Manager

Thailand

1) **Krung Thai Bank**
2) US$25,000,000
3) up to 10 years
4) Salisa Nimsomboon, Chief of Marketing and International Business
   Tel.: 66-2-254-9593
   Telex: TH 81179
   Fax: 66-2-255-9391

1) **Siam Commercial Bank**
2) US$25,000,000
3) up to 10 years
4) Supot Nakareseisoon, Credit Analysis & Correspondent Banking Division
   International and Institutional Business Department
   Tel.: 66-2-256-1304
   Telex: 82995, 82876 or 20142
   Fax: 66-2-253-6697

1) **Thai Farmers Bank**
2) US$25,000,000
3) up to 10 years
4) Jindatawin Theeranartsin, First Vice President
   Business Development Department
   Tel.: 66-2-271-4772
   Telex: FARMERS TH 81159
   Fax: 66-2-273-2229

EDC Customer Contact List

REGIONAL OFFICES — Peter Foran, Vice-President, Regions & Marketing

WESTERN REGION
Glen Hammond
Vice-President

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Fax: (604) 666-7550

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8th Floor
330 Portage Avenue
Winnipeg, Manitoba
R3C 0C4
Tel.: (204) 983-5114
Fax: (204) 983-2187
DOUG GYLES
Manager

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Calgary, Alberta
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Fax: (403) 292-6902
BRUCE STANTON
Manager

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Rolfe Cooke
Vice-President

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Manager

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District Manager

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Fax: (519) 645-5580
JAN DVORAK
District Manager

QUEBEC & ATLANTIC REGION
Toby Price
Vice-President

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Tour de la Bourse
Postal Station
Montreal, Quebec
H4Z 1C3
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Fax: (514) 878-9891
JACQUES LACASSE
Manager

HALIFAX OFFICE
Purdy's Wharf Tower 11
Suite 1410
1969 Upper Water Street
Halifax, Nova Scotia
B3J 3R7
Tel.: (902) 429-0426
Fax: (902) 423-0881
STEPHEN DEMPSEY
Manager

INSURANCE SERVICES — Ian Gillespie, Vice-President

Eric Siegel, General Manager, Medium Term

SHORT TERM INSURANCE
John Hutchison
Chief Underwriter

ONTARIO & WEST
Keith Milloy
Manager

Fax: 598-2525

QUÉBEC & ATLANTIC
Gerry Bourbonnais
Manager

Fax: 598-2780

AGRICULTURE & DOCUMENTARY CREDITS
Peter Cowan
Manager

Fax: 598-2780

WESTERN REGION
Ken Dunn
Manager

Fax: 237-2690

EASTERN REGION
Jean Cardyn
Manager

Fax: 237-2690

FOREIGN INVESTMENT INSURANCE
Dave Bailey
Acting Manager

Fax: 237-2690

FINANCING SERVICES

AFRICA, MIDDLE EAST & EUROPE
Henri Souquières
General Manager
Fax: 598-2503

AFRICA & MIDDLE EAST
Didier Delahousse
Manager

NORTH EUROPE
Peter Hepburn
Manager

SOUTH EUROPE
Allan Roberts
Acting Manager

THE AMERICAS
Jim Brockbank
General Manager
Fax: 598-2504

MEXICO, CENTRAL AMERICA & VENEZUELA
Sherry Noble
Manager

SOUTH AMERICA
Patrice Duval
Acting Manager

USA & CARIBBEAN
Ken Hamp
Manager

ASIA & PACIFIC
June Domokos
General Manager
Fax: 598-2503

PACIFIC/NORTH ASIA
Tom Macdonald
Manager

SOUTH ASIA
Marvin Hough
Manager

BUSINESS APPLICATIONS & PROJECT FINANCE
John Balint
Manager
Fax: 598-2504

INDUSTRIAL ADVISORY SERVICES
Mike Scully
Manager
Fax: 598-2504

CLAIMS & RECOVERIES

Hubert Chénier
Manager

Fax: 598-2837

LOANS ADMINISTRATION

Harry Kaunisviita
Manager

Fax: 598-2514

Executive Management Committee

PAUL LABBÉ
President and Chief Executive Officer

MARTIN BAKKER
Senior Vice-President,
Finance and
Chief Financial Officer

BILL MUSGROVE
Vice-President,
Corporate Services

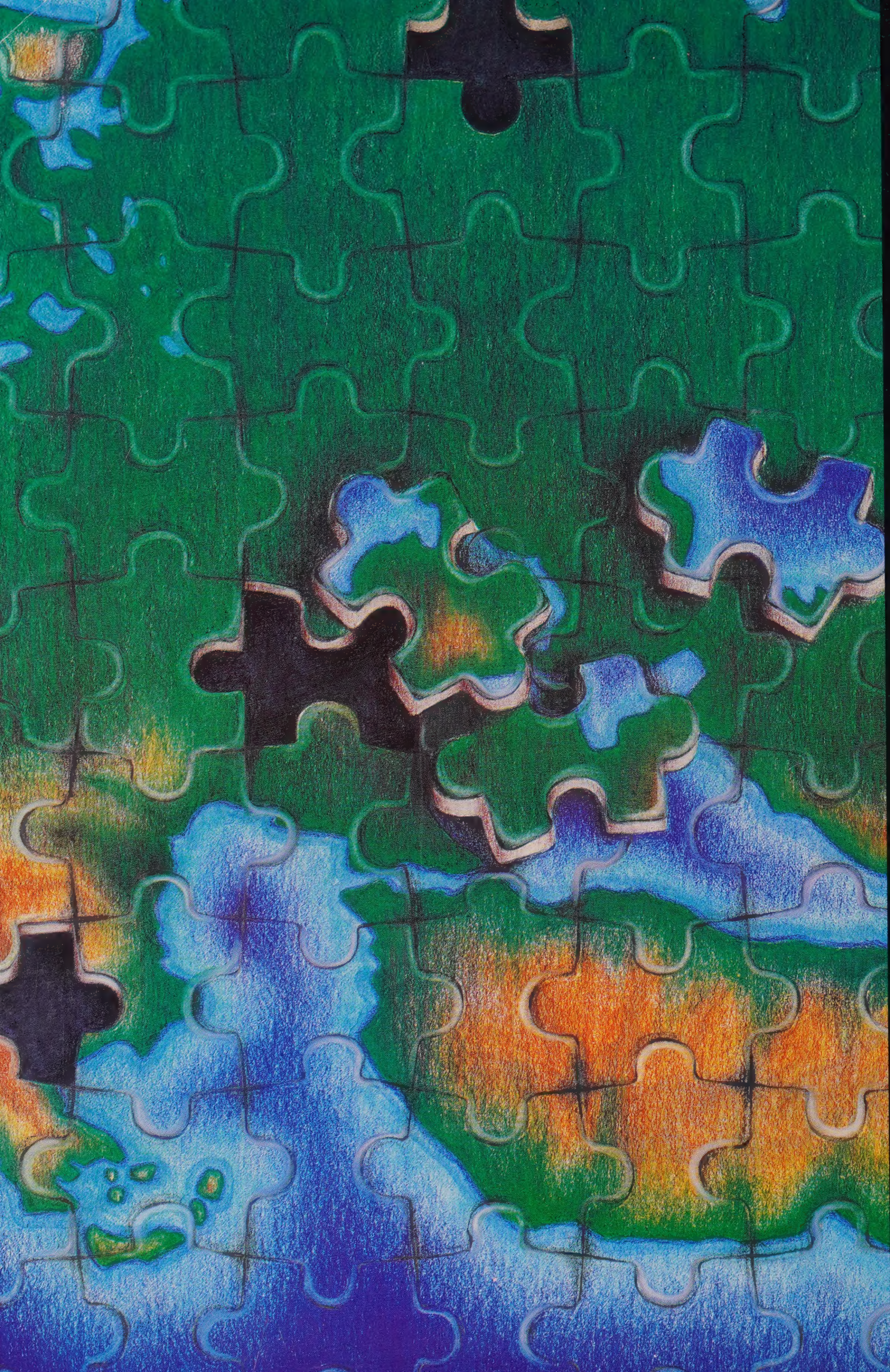
ROGER PRUNEAU
Senior Vice-President,
Insurance Services

GILLES ROSS
Senior Vice-President,
Legal Services and
Secretary

BOB VAN ADEL
Senior Vice-President,
Financing Services

Export Development Corporation — 151 O'Connor Street, Ottawa, Canada K1A 1K3
Tel.: (613) 598-2500 Telex: 053-4136 Fax: (613) 237-2690

EDC
SEE



EDC
SEE

Export Development Corporation

Serving Canadians from coast to coast

Vancouver
Calgary
Winnipeg
London
Toronto
Ottawa
Montreal
Halifax

Ce document est aussi disponible en français.